

ASX Announcement

WOTIF.COM HOLDINGS LIMITED ABN 41 093 000 456



wotif group

DATE: TUESDAY 12 AUGUST 2014

FY14 RESULTS AND ASIC AUDITED ACCOUNTS

Please find attached (in accordance with Listing Rules 3.17, 4.3A and 4.7) for release to the market, copies of Wotif.com Holdings Limited's:

- Appendix 4E – Preliminary Final Report for the year ended 30 June 2014; and
- 2014 Annual Report (including the Directors' Report, the Financial Report, the Directors' Declaration and the Audit Report).

In accordance with the Australian Securities and Investments Commission Practice Note No.61, the documents required by Section 319 of the *Corporations Act 2001* will not be lodged separately with the Australian Securities and Investment Commission.

Further information or to arrange an interview:

Media enquiries please contact:

Kim Stockham

Head of Public Relations

T: (+61) 7 3310 9726

M: (+61) 409 580 644

E: kim.stockham@wotifgroup.com

Analysts and institutions please contact:

Cath McMurchy

Executive Assistant

T: (+61) 7 3512 9965

E: cath.mcmurchy@wotifgroup.com

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WOTIF.COM HOLDINGS LIMITED ABN 41 093 000 456



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DATE: TUESDAY 12 AUGUST 2014

WOTIF.COM HOLDINGS LIMITED
ACN 093 000 456

YEAR ENDED 30 JUNE 2014

Section

Appendix 4E

A

Directors' Report and Financial Report

B

WOTIF.COM HOLDINGS LIMITED ABN 41 093 000 456 | 7 Baroona Road Milton QLD 4064 Australia
Phone: +61 7 3512 9965 Fax: +61 7 3512 9914 Email: investors@wotifgroup.com

Arnold™

ASIAWEB
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lastminute.com.au

LateStays.com

travel.com.au

wotif.com

STATUTORY RESULTS

Reporting Period: 1 July 2013 to 30 June 2014

Previous Corresponding Period: 1 July 2012 to 30 June 2013

RESULTS FOR ANNOUNCEMENT TO THE MARKET

KEY INFORMATION

	Reporting Period	Previous Corresponding Period	% Change Increase/ (Decrease)
Revenue from ordinary activities	\$149.695m	\$146.648m	Up 2.1%
Profit from ordinary activities after tax attributable to members	\$43.184m	\$51.037m	Down 15.4%
Net profit for the period attributable to members	\$43.184m	\$51.037m	Down 15.4%

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

DIVIDENDS - ORDINARY SHARES

	Amount per Security	Franked Amount per Security
Final dividend (211,736,244 shares on issue)	Not applicable*	Not applicable*
2014 interim dividend paid 26 March 2014 (211,736,244 shares on issue)	10.0 cents	10.0 cents
Record date for determining entitlements to the final dividend		Not applicable*

*A special dividend of 0.24 cents will be paid under the Scheme Implementation Agreement with the Expedia group. In the event the scheme did not proceed, the Board will consider a final dividend in relation to the year ended 30 June 2014.

FINANCIAL INFORMATION

This Appendix 4E should be read in conjunction with the Annual Report for the year ended 30 June 2014 as attached.

NET TANGIBLE ASSETS PER SECURITY

	Reporting Period	Previous Corresponding Period
Net tangible assets per security	-0.36 cents	2.14 cents

Net tangible assets per security is disclosed in the Annual Report on page 22.

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

	Date Paid/ Payable	Amount per Security	Franked Amount per Security	Amount per Security of Foreign Sourced Dividend	Amount
FY13 Final Dividend	10 October 2013	11.5 cents	11.5 cents	0.00 cents	\$24,349,668
FY14 Interim Dividend	26 March 2014	10.0 cents	10.0 cents	0.00 cents	\$21,173,630

DIVIDEND REINVESTMENT PLANS

The Company does not operate a Dividend Reinvestment Plan.

DETAILS OF AGGREGATE SHARE OF PROFITS (LOSSES) OF ASSOCIATES AND JOINT VENTURE ENTITIES

Group's share of associates and joint venture entities:	Reporting period A\$'000	Previous corresponding period A\$'000
Profit/(loss) from ordinary activities before tax	(274)	(158)
Income tax on ordinary activities	-	-
Profit/(loss) from ordinary activities after tax	(274)	(158)
Extraordinary items net of tax	-	-
Net profit/(loss)	(274)	(158)
Adjustments	-	-
Share of net profit/(loss) of associates and joint venture entities	50%	50%

COMPLIANCE STATEMENT

This report should be read in conjunction with the attached 2014 Annual Report.



Sign here: _____

Date: 12 August 2014

RD McIlwain
Chairman

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CHAIRMAN'S LETTER

The financial performance of Wotif in the 2014 financial year (FY14) reflects the changing nature of the business environment in the Australian travel industry. A shift toward overseas travel has been quickly followed by intense competition for the remaining business in Australia. These trends were both addressed in the Chairman's Letter last year, and are important drivers of the five-pillar business strategy announced through the ASX by the Company's Chief Executive Officer on 24 June 2013.

The decline in profit last financial year is directly attributable to the response by the Company to the competition in its Australian market, and an investment in strategy designed to introduce the new sources of revenue. The flow from the new business streams has been impressive. However, this revenue does not generate the same profit margins as a simple online accommodation booking business.

Lower margins are a common theme in the current debate around Wotif's business model. Its profit margins are substantially better than most comparable online accommodation businesses. Any attempt to combat competition and draw from the new revenue streams needed to cover a decline in sales (TTV) from the core business was always going to see margins decline.

The numbers from FY14 reflect this situation. Revenue was up marginally at \$149.6 million (FY13: \$146.6 million), however earnings before depreciation, amortisation and tax in FY14 fell to \$71.8 million (FY13: \$79.9 million). Profit after tax also declined to be \$43.2 million (FY13: \$51.0 million). Profits were adversely affected by increased spending on online search, advertising, technology, and amortisation. This pattern has continued into FY15.

It would be wrong to suggest that the Company's employees have not made considerable progress in FY14. The flights business grew at 37.6% year-on-year (YoY). The same team has responsibility for dynamic packages. In the last quarter of FY14, they delivered on average more than 4,500 rooms per month after being just 600 per month a year ago. The dynamic packages business is a remarkable success. It characterises the Company's ability to design and deliver a user-friendly online technical solution which combines accommodation, flights, and even theatre tickets into packages that were previously the domain of retail travel agents.

The Company's core accommodation booking business remains a challenge. Revenue from accommodation booked in Australia and New Zealand increased slightly by 3.1% in the face of competition from a raft of overseas online booking sites. Meanwhile, unrest in Thailand continued to pose problems for Asia Web Direct. Nevertheless, bookings into Asia are showing signs of stabilising, and have been particularly strong in Bali with the assistance of extra sales generated by packages. We remain confident in the prospects for offshore bookings as we progress toward new international accommodation supply arrangements which are similar to the one concluded during FY14 with Japan's Rakuten.

A substantial investment in technology has also progressed well. The internally described tech debt work is creating the technology infrastructure to respond more quickly to the changes required to combat competition and deliver new industry-leading customer interfaces. The tech debt work has reached the stage where resources are now being redeployed from the infrastructure projects to the design and redevelopment of the Company's customer facing systems.

I am sure that anyone reading this letter will be wondering where the takeover elephant is in the room. It is not my intention to address the current bid by the Expedia group for Wotif. That will come with the release of the Scheme implementation documents soon. They will include an Independent Expert's evaluation of the proposed transaction.

I think I owe it to shareholders to explain how the Board arrived at a point where the Expedia bid became an opportunity worthy of shareholder consideration. The datum point for this journey was the market update released in an ASX announcement in December 2013. Investor reaction to this announcement was sudden! The company's share price declined immediately. It continued to decline over a period of months. This was

despite the clear and obvious evidence that revenue was holding and the business strategies outlined in 2013 were gaining traction.

Nevertheless, the Board was concerned that its strategies would take time to produce the traction required to offset the impact of the competition the Company has been facing in its core markets. Furthermore, it is unlikely that the Company's profit margins would recover to the levels that had attracted competitors into the Australian online accommodation booking market. Faced with these circumstances, the Board decided to explore options which might be in the long term best interests of the Company and its shareholders.

The future is uncertain. It will play out over the next few months. The Board and shareholders alike should recognise that this uncertainty is felt most by the Company's employees. It is to their credit that they continue to concentrate on building the business and offering a superb online travel service in confronting circumstances.

Finally, I would like to acknowledge the role played by the Board of Directors. It isn't easy to take a conscious decision to step away from a business enterprise that is so young and so widely recognised as being a creative and innovative force in an attractive industry.

A handwritten signature in black ink, appearing to read 'Dick McIlwain', with a stylized, cursive script.

Dick McIlwain
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

Introduction

This financial year has been a challenging one for the business as we confronted a rapidly changing landscape for online travel in our core markets of Australia, New Zealand (**ANZ**) and throughout the Asia Pacific region. As the competitive landscape continued to evolve and rapidly change, the Wotif team rallied to meet these challenges head on. We continued to focus on executing the numerous projects behind the five-pillar business strategy as announced in my report last year. At the same time we continued to adjust to the changing market conditions and made some tactical decisions to further ramp up our investments in marketing and technology.

We also accelerated our diversification of revenue streams away from a dependency on Australian domestic hotels, to flights and dynamic packaging. As a direct result of our efforts, total revenue for the Group has increased at a time when the core domestic accommodation business lost market share. Whilst we lost hotel share we were able to continue to successfully implement previously announced hotel commission increases.

During a year where total revenue rose slightly, our cost base increased faster than income, reflecting both our commitment to invest in our core technology to improve the onsite experience for our customers, and the competitive online marketing environment. We also incurred increased digital marketing costs associated with the growth in flights and dynamic packaging. As a result of our concentrated marketing efforts, the Wotif brand continued to have market-leading brand awareness in ANZ.

On 7 July 2014 it was announced that we had entered into a Scheme Implementation Agreement with the Expedia group and, in this regard, we expect to issue a final Scheme Booklet to our shareholders towards the end of August in preparation for a shareholders' meeting in early October 2014.

Key Business Initiatives in FY14

I am pleased to report that we have made solid progress during FY14 on delivering key projects to support our five-pillar business strategy. Some insights follow.

TECHNOLOGY

Last year we announced the commencement of three key strategic technology projects. Two of these projects were completed on time and on budget during FY14. The third project is anticipated to be complete early in Q2 FY15. The purpose of these projects is to rationalise our platform architecture to enable a faster development cycle for key customer-facing projects. We have also made considerable progress in making our internal development processes more efficient with increased automation of testing and release protocols.

As a result of the completion of these projects we are starting to release a range of new benefits to our customers and suppliers due to our increased ability to roll out new functionality in a much shorter timeframe.

During FY14 we continued to refine our packaging technology, rolled out Virtual Credit Card (**VCC**) functionality to suppliers, and made considerable strides with 'responsive design' development for Wotif sites. Responsive design allows customers to have a consistent experience across desktop, tablet and mobile devices and also has significant efficiencies for technology development. In addition, we made significant upgrades to our Wotif.com app and added flights to the lastminute.com.au mobile site.

We also have a considerable amount of new customer-facing functionality in the pipeline, which will be progressively rolled out in FY15.

FLIGHTS

Our flights business continues to grow very successfully with Total Transaction Value (**TTV**) growth of over 37% YoY. This growth is predominantly attributable to international flight sales where we have been able to demonstrate cost-effective distribution for a number of key international airline partners in a very competitive aviation market. We rolled out some innovative and cost-effective marketing initiatives for our partners, reaching our ANZ customer base of over 3 million subscribers. We are optimistic that our flights business will continue to grow in FY15, supported by targeted marketing campaigns and further improvements to our onsite usability and functionality. We now have a flights business of sufficient scale to be able to provide compelling package deals to our customers.

CUSTOMER REVIEWS

Wotif has maintained its market leadership in hotel reviews in the ANZ market, where we have almost 1.3 million authentic hotel reviews. Hotel reviews are now more prominent on our sites, including mobile. In addition to giving our customers more information on the hotel, access to reviews has been proven to be a key driver of conversion. The continued growth of our genuine review numbers reinforces our deep customer engagement with our stable of consumer brands.

MARKETING

We have made considerable progress with our marketing initiatives in an increasingly competitive online marketplace. Our digital marketing team has increased efficiency in an environment where search, meta-search and overall digital marketing costs continue to grow exponentially.

Further, we invested in improved customer relationship management systems and tools during this past year in order to be able to more effectively reach and communicate with our customer subscriber base of around 3.5 million people across Asia Pacific.

We have also made significant improvements in the capture and use of data to drive decision-making across the business, including marketing.

Our engagement with travellers on social media has deepened dramatically and we continue to have outstanding relationships with tourism marketing bodies in Asia Pacific where we provide cost-effective ways to drive incremental stays to designated destinational regions.

We are now well advanced with plans to increase our marketing footprint and brand spend in FY15 as part of our overall integrated marketing strategy to compete in a rapidly evolving online marketplace.

MOBILE

The growth in mobile traffic to our sites and apps continues to demonstrate the strength of our brands. Mobile traffic to our sites and apps provided 44% of all traffic across the Group in FY14.

Specifically for Wotif.com, 49% of hotel-related visits and 23.3% of room nights booked came from traffic to mobile devices and apps in FY14, up from 37% of visits and 16.7% of room nights during the prior financial year.

In addition, Wotif.com app downloads exceeded 7.3 million in FY14.

Results and Operations

Profit after tax decreased by \$7.8 million to \$43.2 million (FY13: \$51.0 million).

Total income for the Group was up 2.1% YoY. Increased hotel commission rates and increases in revenue from flights and dynamic packaging were offset by shortfalls attributable to lower accommodation sales.

We also continued to invest in the business for future growth and this is reflected by an increase in expenses of \$13.4 million. This spend primarily relates to marketing costs and technology salaries (and related amortisation) linked to increased headcount in the technology team, as we implement the technology strategy.

A summary of the major YoY financial variances is shown below. Further analysis of the FY14 results is included in the Operating and Financial Review section on page 17.

Major YoY Variances		\$m
Revenue increase from accommodation margin uplift		13.0
Accommodation revenue decline from reduced room nights		(10.6)
Flights and Other revenue increase		2.5
Interest income decline		(1.8)
Credit card merchant fee decline from reduced hotel volumes		1.0
Wages increase		(3.1)
Increased marketing spend		(10.0)
IT Amortisation increase		(1.9)
	Sub-total	(10.9)
One-off Items		\$m
Gain on sale of property		0.8
Variance impact of domain names written off in FY13		1.8
	TOTAL MAJOR YoY VARIANCES	(8.3)

These major variances represent 86% of the decrease in Net Profit Before Tax (FY14: \$64.0 million; FY13: \$73.6 million).

Market Position and Outlook

Comments on each of our key areas of operation follow.

ACCOMMODATION

We have increased our total hotel selection by 7.5%, reflecting our strategy to provide compelling content and a strong depth of choice for our customers. In our core market of ANZ we maintain our market-leading position.

	FY14 Properties	FY13 Properties	% PCP
Australia & New Zealand	12,246	11,750	4.2%
Asia	11,260	9,689	16.2%
Rest of World	6,421	6,391	0.5%
Total	29,927	27,830	7.5%

The Group collectively processed 3.3 million accommodation bookings for FY14, down 9.4% on FY13.

Room nights for the year totaled 6.04 million, a decrease of 10.8% (FY13: 6.78 million). Average length of stay fell slightly from 1.84 nights in FY13 to 1.81 nights in FY14. Average room rates for the Group rose to \$156.13 per night (FY13: \$151.62), an increase of 3.0%. In an extremely competitive hotel market, our room nights in ANZ declined YoY by 9.4%.

As we have been building out the actions around the five-pillar business strategy for the Company, including technology, the marketplace has become highly competitive and we estimate that the amount of online and offline marketing spend for the online travel industry in ANZ has more than doubled YoY.

Dynamic packaging room nights are excluded from the 'pure' hotel number above and amount to around 40,000 room nights in FY14.

FLIGHTS

The Group achieved 222,871 flight transactions in FY14 (FY13: 186,075), an increase of 19.8% YoY. This has resulted in 37.6% growth in TTV to \$178.3 million, excluding flight sales from dynamic packaging. The majority of TTV for flights relates to international destinations. We now have sufficient scale in international flights to be able to secure competitive airfares for our dynamic packages, and as a result we would expect to see both our flights and packaging businesses continue to grow in FY15.

ASIA

Despite being adversely affected by the political turmoil in Thailand, we have seen some improvement in our Asia business during the second half of FY14. We have seen an increase in Bali bookings arising from Australian-based package sales and an overall uplift in AWD bookings from increases in conversion relating to the strategy project work.

Scheme Implementation Agreement

On 7 July 2014 it was announced that the Wotif Group had entered into a Scheme Implementation Arrangement with the Expedia group whereby it is proposed that the Expedia group will acquire 100% of the fully-diluted share capital in the Wotif Group.

If implemented, Wotif shareholders will receive a total cash consideration of A\$3.30 per share comprising: A\$3.06 cash per share; plus a A\$0.24 special dividend paid by Wotif Group on or before the Scheme implementation date, which is expected to be fully franked.

Those shareholders who can capture the full benefit of the franking credits associated with the special dividend will receive an additional benefit valued at A\$0.10 per share.

The total cash consideration of A\$3.30 per share, excluding the potential benefit of franking credits associated with the special dividend, values Wotif Group's fully diluted equity at approximately A\$703.1m.

The Scheme is subject to an independent expert concluding that the Scheme is in the best interests of Wotif Group shareholders; that Wotif Group shareholders approve the Scheme by the requisite majorities; FIRB approval; and clearance by the ACCC and the NZCC.

We are progressing through the Scheme process and currently expect it to conclude in late October 2014. More information for shareholders will be available in Scheme Implementation documents, due to be sent shortly.

In closing I would like to acknowledge and thank the outstanding efforts of the Wotif Group team during the year. Whilst change is a constant in our industry, this year has seen an escalation in the evolution of our industry, the competitive environment and our business model. Despite the challenges, and a potential ownership change ahead, our team continues to drive the Wotif Group business forward to ensure we offer travelers a great online experience, and a wide range of travel deals and choices across our portfolio of iconic online travel brands.



Scott Blume
Managing Director & Group Chief Executive Officer

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 below.

The corporate governance principles and practices adopted by the Group are summarised below and are centered on the Board, Board committees and the principles that govern their oversight of management. Additional information with respect to the Group's corporate governance approach can be found in the following documents available in the Corporate Governance section on the Group's website (www.wotifgroup.com):

- Wotif Group Board Charter;
- Wotif Group Audit and Risk Committee Charter;
- Wotif Group Nomination and Remuneration Committee Charter;
- Wotif Group Communication and Disclosure Policy;
- Wotif Group Share Dealing Policy;
- Wotif Group Code of Conduct;
- Wotif Group Risk Management Policy; and
- Wotif Group Diversity Policy.

Board of Directors – Role of the Board

The Board is responsible for the overall corporate governance of the Wotif Group. The Board recognises the need for the highest standards of behaviour and accountability. The Board has final responsibility for the management of the Group's business and affairs.

The Board is responsible for:

- overseeing the Group including:
 - a) the Group's systems of internal control and accountability and the systems for monitoring compliance; and
 - b) the identification and management of significant business risks;
- monitoring the Group's financial performance, including adopting annual budgets and approving the Group's financial statements;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestments;
- input into and approving the Group's goals and strategic direction;
- reviewing and ratifying the Group's risk management system, internal compliance and control systems, codes of conduct and legal compliance;
- selecting and (where appropriate) removing the 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 management group, is accountable to the Board.

Composition and Review of the Board

The Board is currently comprised of six Directors, of whom:

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

- one (Graeme Wood) is a Non-executive Director, however is not considered to be Independent as a result of his shareholdings in the Company; and
- one (Scott Blume, Managing Director & Group Chief Executive Officer) holds his position in an executive capacity and consequently is not considered to be Independent.

Andrew Brice retired as a Non-executive Director on 30 August 2013.

Scott Blume's appointment as Managing Director in September 2013 followed on from his appointment as CEO in January 2013. Details of Scott's experience and qualifications are set out at page 24.

The term of office held by each Director is set out in the section titled Information on Directors on pages 24 and 25 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 re-nomination 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 October 2013, the Board undertook a review of the composition of its committees following the retirement of Andrew Brice from the Board and the Audit and Risk Committee. Upon this review the committees were reconstituted to comprise Board members with an appropriate mix of independence, skills, experience, qualification and expertise.

In August 2014, the Board undertook a review of its 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 Board considered:

- the mix of skills, experience, qualifications and expertise residing with Board members collectively and within the Board's committees. The Board 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 Board was satisfied in relation to each of these matters;
- the independence (or non-independence) of all Directors. The Board was satisfied that its composition 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.

In conjunction with this review, the Chairs 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
- are comprised of 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 McIlwain, 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 12 occasions in the reporting period. Details of individual attendance at Board meetings, and of Board committees, can be found on page 26 of this Report.

Non-Executive Directors' Remuneration

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

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

Board Committees

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

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

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

Nomination and Remuneration Committee

This Committee met twice during the year. Each Committee member's attendance at meetings is set out on page 26. Under its Charter, this Committee must have at least three members, a majority of whom must be Independent Directors. Kaylene Gaffney retired from the Committee during the year in recognition of her duties as the Audit and Risk Committee Chair. Existing Board member and Independent Non-executive Director, David Do, took this position.

Currently the members of this Committee are Dick McIlwain (Committee Chairman), Ben Smith, Graeme Wood and David Do. 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 is comprised of individuals who are best able to discharge the responsibilities of a Director; and

- to establish and oversee the management of remuneration policies designed to meet the needs of the Group and to enhance corporate and individual performance.

By using merit-based criteria, the Committee will ensure an appropriate balance of skills, experience, expertise and diversity is maintained on the Board. The Committee will also refer to the Group's Diversity Policy (see page 14) to assess the performance, composition and future development of the Board.

Audit and Risk Committee

This Committee met six times during the year. Each Committee member's attendance at meetings is set out on page 26. 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. During the year, the Committee Chair was changed by rotation from Ben Smith to Kaylene Gaffney, being an Independent Non-executive Director.

Currently the members of this Committee are Kaylene Gaffney (Committee Chair), Dick McIlwain and Ben Smith. The qualifications and experience of the members of this Committee are set out in the section titled Information on Directors on pages 24 and 25. 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.

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 in the Corporate Governance section at the Group's website at 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 the effectiveness of the policy and the framework 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 2014 financial year involved the Chief Executive Officer and Chief Financial Officer providing a declaration to the Board on 12 August 2014 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 Committee 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 27 to 29.

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 34 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). This policy and commitment applies throughout the entire workplace, senior management and Board.

As at 30 June 2014 the number and proportion of female employees in the Group, in senior executive positions and on the Board was:

Female employees (all personnel whether full-time, part-time or casual)	351
% of workforce	62%
Female senior executives	20
% of Group	49%
Female Directors	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 FY14:

- 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 there was only one senior appointment, to the position of Executive General Manager Asia Business Unit. This role was not advertised but filled by an internal candidate who was identified as a successor for this role. The CEO was also appointed as the Managing Director.

These objectives have again been adopted for FY15.

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 Scott Blume to Managing Director in September 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).

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 the Corporate Governance section of the Group’s website at www.wotifgroup.com). The Board seeks to ensure that the Company’s shareholders are provided with sufficient information to assess the performance of the Group. In addition to the Annual Report, the Group uses its website to communicate with its shareholders. The Group’s website provides electronic access to the latest and past annual reports, all ASX releases, share price information, presentation material and notification of upcoming events.

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

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 2014 (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 (resigned 30 August 2013)
Anthony Benjamin Reynolds Smith
Kaylene Joan Gaffney
David Do
Scott Blume (appointed 2 September 2013)

Principal Activities

The Group's principal activity during the course of the financial year was the provision of online travel booking services.

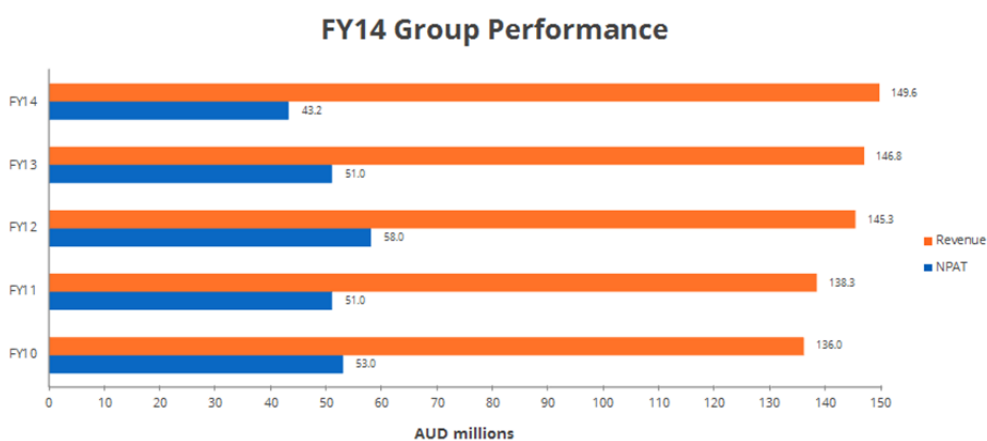
Operating and Financial Review

The Group's net profit after tax for the year ended 30 June 2014 was \$43.2 million (FY13: \$51.0 million).

Key financial metrics for the year include:

- total Group TTV¹ of \$1.140 billion (FY13: \$1.166 billion)
- total Group accommodation revenue, up 1.9% to \$129.3 million (FY13: \$126.9 million)
- record flights transaction value, up 37.6% to \$178.3 million (FY13: \$129.5 million)
- record flights and other revenue, up 16.3% to \$17.6 million (FY13: \$15.1 million)

Figure 1. Revenue and NPAT – 5 year history (million AUD)



¹ 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.

Track Record

Year ended 30 June (\$ million)	FY14	FY13	FY12	FY11	FY10
Accommodation TTV	943.4	1029.3	1,043.4	1,012.1	1,000.2
Flights and other TTV	196.9	136.8	117.8	93.7	93.8
Total TTV	1,140.3	1,166.1	1,161.2	1,105.8	1,094.0
Accommodation revenue	129.3	126.9	126.1	122.0	121.0
Flights and Other revenue	17.6	15.1	13.6	12.1	12.2
Interest revenue	2.8	4.6	5.6	4.2	2.8
Total revenue	149.7	146.6	145.3	138.3	136.0
Other income	0.8	-	-	-	-
Total operating expenses	(78.7)	(66.7)	(59.0)	(60.5)	(56.7)
Operating profit (before depreciation, amortisation and taxation)	71.8	79.9	86.3	77.8	79.3
Depreciation	(3.5)	(3.9)	(3.3)	(3.1)	(2.3)
Amortisation of IT Development Costs ¹	(4.2)	(2.4)	(1.7)	(2.8)	(3.1)
Other amortisation	(0.1)	(0.0)	(0.0)	(0.3)	(0.3)
Profit before income tax	64.0	73.6	81.3	71.6	73.6
Income tax	(20.8)	(22.6)	(23.3)	(20.6)	(20.6)
Net profit	43.2	51.0	58.0	51.0	53.0

Key Operating Data *	FY14	FY13	FY12	FY11	FY10
Accommodation TTV growth	(8%)	(1%)	3%	1%	11%
Flights and other TTV growth	44%	16%	26%	0%	6%
Total TTV growth	(2%)	0%	5%	1%	10%
Accommodation revenue growth	2%	1%	3%	1%	11%
Flights and other revenue growth	17%	11%	12%	(1%)	28%
Total revenue growth	2.1%	0.9%	5.1%	1.7%	12.1%
Operating expenses growth	18.0%	13.1%	(2.5%)	6.7%	7.6%
Profit before income tax growth	(13.0%)	(9.6%)	13.6%	(2.7%)	18.3%
Profit after income tax growth	(15.4%)	(12.2%)	13.8%	(3.8%)	21.8%
Accommodation revenue % of accommodation TTV	13.7%	12.3%	12.1%	12.1%	12.1%
Total revenue % of TTV	13.1%	12.6%	12.5%	12.5%	12.4%
Operating profit margin ² (profit before depreciation, amortisation and taxation as a % of revenue)	48%	55%	59%	56%	58%
Net profit % of total revenue	28.9%	34.8%	39.9%	36.9%	39.0%
Capex ³ (\$ million)	10.8	9.7	9.1	6.7	17.3
Average exchange rate AUD/USD	0.92	1.03	1.03	0.99	0.88

* Percentages based on full reported numbers (i.e. non-rounded source data).

1 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.

2 Being profit before depreciation, amortisation and taxation (not being an IFRS measure and unaudited) as a percentage of total revenue.

3 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).

FY14 Key Achievements

FY14 included a number of key achievements, outlined below:

- Solid progress made during FY14 on delivering key projects to support our five-pillar business strategy;
- Delivery of two key strategic technology projects on time and on budget during FY14;
- Hotel commission increase to 12% successfully implemented;
- Mobile now provides 44% of all traffic across the Group;
- Mobile devices and apps deliver 49% of hotel-related traffic and 23.3% of Wotif.com room nights;
- ANZ accommodation reviews now total almost 1.3 million with a market leadership position for hotels in Australia;
- Flights TTV up 37.6% on prior year;
- Successful release of dynamic packaging for domestic and international destinations in FY14;
- 29,927 properties directly contracted, up 7.5% from FY13; and
- Wotif.com brand awareness reached 66% in Australia; customer “stickiness” still a strong unique selling proposition.

Key Business Initiatives

A number of tactical initiatives were rolled out in FY14, including:

MOBILE:

- ‘Inspirational image’ homepage on Wotif.com app delivered July 2013;
- Hotel review ratings, and review search functionality delivered on Wotif.com app March 2014;
- Wotif.com mobile platform: new responsive search pages rolled out Q4 FY14;
- Wotif.com app downloads exceeded 7.3 million.

ACCOMMODATION:

- Commission increase from 11 to 12% implemented January 2014;
- VCC payment implemented July 2013;
- Rakuten (Japanese) hotel inventory added throughout FY14;
- Sourced thousands of exclusive deals for over 350 campaigns/promotions;
- Re-structure of Product/Hotel support team allowing more focus on revenue drivers.

PACKAGES:

- Domestic (Australia) dynamic packages delivered to Wotif.com October 2013;
- Bali packages launched on Wotif.com February 2014;
- Integration with TicketMaster December 2013, allowing real-time theatre ticket bookings and extension of theatre package sales to different productions in Melbourne, Sydney and Brisbane;
- Delivery of new, net-rate property deals for dynamic holiday and entertainment packaging products on Wotif.com.

FLIGHTS:

- Flights added to lastminute.com.au mobile site September 2013.

CUSTOMER COMMUNICATION AND ENGAGEMENT

- Implemented new email marketing technology and introduced automated campaigns;
- Grew our social community to more than 300,000 across Facebook, Twitter, Google+, Pinterest and Instagram;
- Excellence in customer care acknowledged by the Customer Service Professionals’ (ICSP) excellence awards, as below (October 2013):
 - ICSP People’s Choice National Award Winner 2013 – Customer Service Loyalty – Wotif.com - Online Travel category
 - ICSP People’s Choice Award - Customer Service Team – Platinum Winner 2013 – Wotif.com Customer Service Team

ARNOLD TRAVEL TECHNOLOGY:

- Arnold Travel Technology website relaunched and growth to more than 7,000 bookings in FY14.

FINANCE:

- Asia Web Direct migration to AsiaPay to support multiple payment methods.

TEAM:

- Updated induction program implemented in 2014;
- Development and roll-out of refreshed Wotif Group 'purpose', 'vision' and 'values':
 - Purpose: We believe that travel changes lives and that exploring the world should be simple and accessible to everyone;
 - Vision: We will grow our business by understanding, inspiring and engaging Asia-Pacific travellers, and working with our partners to offer the best travel choices;
 - Values:
 - Dare to be different
 - Be adventurous
 - Inspire others
 - Care
 - Get stuff done.

Accommodation

- 3.34 million accommodation bookings, down 9.4% (FY13: 3.68 million);
- 6.04 million room nights for the year, down 10.8% (FY13: 6.78 million);
- Average length of stay for the Group was slightly down to 1.81 nights (FY13: 1.84 nights); and
- Average room rates for the Group rose to \$156.13 (FY13: \$151.62), an increase of 3.0%.

In an extremely competitive hotel market our room night sales in ANZ declined YoY by 9.4%.

Properties directly represented included increases across all of the Group geographical locations as shown in Chief Executive Officer's Report (page 7).

Flights

- 222,871 flight transactions (FY13: 186,075), an increase of 19.8% on prior year; and
- this resulted in a 37.6% growth in transaction values to \$178.3 million (FY13: \$129.5 million), with proportionally more international flights being sold.

Revenue

Total Group operating revenue for the year was \$149.6 million, an increase of 2.1% (FY13: \$146.6 million). With TTV down by 2.2%, the growth in revenue is mainly attributable to a commission increase in the Australia and New Zealand markets, where property commissions rose from 11% to 12%, commencing with contract renewals after 1 January 2014, offset by a decline in revenue due to reduced room nights. As a result of the commission increases during the year and the net benefit derived from the implementation of VCC, the Group accommodation margin increased from 12.3% to 13.7%. Total revenue as a percentage of TTV increased slightly to 13.1% (FY13: 12.6%).

The modest increases in ANZ revenue were offset by an accommodation revenue decrease for Asia of \$1.2 million while Rest of World remained relatively flat, reflecting an increase of \$0.07 million on prior year. Revenue from Flights and Other revenue was up 16.3% to \$17.6 million (FY13: \$15.1 million).

Net Profit

Consolidated net profit after tax for the Group for the year was \$43.2 million (FY13: \$51.0 million).

The total Group revenue increase of \$3.0 million was as a result of the following key indicators:

- revenue increases of \$13.0 million resulting from the accommodation margin uplift, offset by a \$10.6 million decline in revenue from reduced room rights sold;
- Flights and Other revenue increased by \$2.5 million on prior year predominately due to the increase in flight transactions; and
- interest revenue was down \$1.8 million on prior year due to lower interest rates and lower cash balances.

The revenue increase was offset by a YoY increase in Group costs of \$13.4 million, which encompassed a number of significant expense items including:

- marketing costs (excluding marketing wage costs) increasing by \$10.0 million, due in part to increased online search costs from a combination of increased keyword costs and increased planned spend;
- wage cost increases of \$3.1 million, or 11.4%, resulting primarily from increased head count in the technology team as we implement the technology strategy;
- increasing YoY depreciation and amortisation costs of \$7.75 million (FY13: \$6.28 million) relating to continued investment in the Group's technology systems; and
- offset by a reduction in credit card merchant service fees of \$1.0 million resulting from reduced hotel volumes.

Group Margins

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

Total revenue as a percentage of TTV increased slightly while the operating profit margin was down from 54.5% in FY13 to 48.0% in FY14, largely as a result of the increase in YoY Group costs as noted above.

	FY14 Actual	FY13 Actual
Accommodation revenue % of accommodation TTV	13.7%	12.3%
Total revenue % of TTV	13.1%	12.6%
Operating profit margin*	48.0%	54.5%

* Being profit before depreciation, amortisation and taxation (not being an IFRS measure and unaudited) as a percentage of total revenue.

Cash Flows

The Group's cash balance of \$91.1m is down \$40.9m from 30 June 2013. This variance almost entirely relates to a \$36.1 million decrease in hotel creditors arising from the implementation of 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 is overall EBIT-positive taking into account reduced cash, reduced interest income, improved payment efficiencies and commercial arrangements with the VCC provider.

The Group's cash balance was further impacted due to cash flows from investing activities comprising:

- payments for property, plant and equipment of \$3.5 million;
- payments for web development of \$7.2 million; and
- joint venture contributions of \$0.9 million.

Financial Position

The Group's net asset position decreased slightly during the period (FY14: \$95.9 million; FY13: \$99.9 million) with the financial position being impacted by the following:

- a decrease in trade and other receivables of \$2.4 million due to timing of collection of credit card receivables;

- trade and other payables decreased considerably (FY14: \$116.6 million compared to FY13: \$156.6 million) largely due to the \$36.1 million decrease in hotel creditors arising from the implementation of VCC as detailed in the Cash Flows section above;
- Group capital expenditure is marginally up on the prior period, with \$3.5 million invested in property, plant & equipment (FY13: \$3.0 million) and \$7.2 million of IT development capitalised during the year (FY13: \$6.9 million); and
- net tangible assets per security declined to negative 0.36 cents per share at 30 June 2014 (FY13: 2.14 cents per share). Net tangible assets have been impacted by reduced cash resulting from decreased profits coupled with cash payments to fund a growing capitalised IT development balance (FY14: \$11.6 million; FY13: \$8.5 million).

Business Focus and Outlook

The Wotif Group business remains focused on meeting the expectations of travellers in a fast-evolving landscape for online travel.

To do this, the team continues to implement on the five-pillar business strategy as core focus, while leading and adapting to change.

Core business pillars are (as detailed in FY13 reporting):

1. Monetisation of traffic
2. Content
3. Marketing
4. Asia
5. Technology

Strategy Moving Forward

As we move into FY15 our focus will continue to be on executing the underlying projects from the five-pillar business strategy.

In addition we are well advanced to launching a new media campaign to support and re-energise the iconic Wotif brand to Australian travellers, and promote its broad range of local and international hotel, flight and packaging products as well as our depth of authentic hotel reviews.

On 7 July 2014 it was announced that the Wotif Group had entered into a Scheme Implementation Arrangement with the Expedia group whereby it is proposed that the Expedia group will acquire 100% of the fully-diluted share capital in the Wotif Group.

If implemented, Wotif shareholders will receive a total cash consideration of A\$3.30 per share comprising: A\$3.06 cash per share; plus a A\$0.24 special dividend paid by Wotif Group on or before the Scheme implementation date, which is expected to be fully franked.

Those shareholders who can capture the full benefit of the franking credits associated with the special dividend will receive an additional benefit valued at A\$0.10 per share.

The total cash consideration of A\$3.30 per share, excluding the potential benefit of franking credits associated with the special dividend, values Wotif Group's fully diluted equity at approximately A\$703.1m.

The Scheme is subject to an independent expert concluding that the Scheme is in the best interests of Wotif Group shareholders; that Wotif Group shareholders approve the Scheme by the requisite majorities; FIRB approval; and clearance by the ACCC and the NZCC.

We are progressing through the Scheme process and currently expect it to conclude in late October 2014. More information for shareholders will be available in Scheme Implementation documents, due to be sent shortly.

Dividends

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
2013 final dividend	13 September 2013	10 October 2013	11.5 cents	\$24,349,668	11.5 cents
2014 interim dividend	11 March 2014	26 March 2014	10.0 cents	\$21,173,630	10.0 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

On 7 July 2014, the Directors of Wotif.com Holdings Limited announced that subsequent to year end, the Company has entered into a Scheme Implementation Agreement with the Expedia group under which it is proposed that Expedia will acquire 100% of the fully diluted share capital in Wotif Group by way of a Scheme of Arrangement.

If the Scheme is implemented, Wotif Group shareholders will receive total cash consideration of A\$3.30 per Wotif Group share comprising of:

- A\$3.06 cash per share; plus
- an A\$0.24 special dividend paid by Wotif Group on or before the Scheme implementation date, which is expected to be fully franked.

The Scheme is subject to certain customary conditions precedent including Wotif Group shareholder and court approval. The Scheme is not conditional on further due diligence.

The Scheme implementation date is anticipated to occur in October 2014.

The Directors are not aware of any other 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.

Information on Directors

Dick McIlwain – Chairman

Dick joined the Board as Non-executive Chairman on 3 April 2006. He is Chairman of the Company's Nomination and Remuneration Committee and a member of the Audit and Risk 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.

Scott Blume – Managing Director & Group Chief Executive Officer

Scott Blume joined Wotif Group as Chief Executive Officer (CEO) in January 2013 with over 30 years' experience in tourism and hospitality in the Asia Pacific region. He was appointed as Managing Director on 2 September 2013.

Scott's background includes key leadership roles for international organisations and ASX listed companies and he has a proven track record in achieving financial targets across multiple Asia Pacific markets. In addition to overseeing the activities of the Company's more than 500 employees around the world, Scott is also responsible for Wotif Group's investor relations, governance and corporate matters.

Prior to joining Wotif Group, Scott was CEO of the RKI Group in Indonesia. He has also worked as a Strategic Consultant in all aspects of tourism, hospitality and commerce across the Asia Pacific region. Scott held the role of President of Travelocity Asia Pacific and CEO of ZUJI for more than six years until 2009, and was a Non-Executive Director of the Singapore Tourism Board for over four years.

Scott holds a Bachelor of Commerce degree from the University of NSW and is a member of the Australian Institute of Chartered Accountants.

Graeme Wood – 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 Commerce from the University of New South Wales and is a member of the Australian Institute of Chartered Accountants.

Ben Smith – Non-executive Director

Ben is a Managing Director in the corporate advisory department of Investec Australia Limited, and was appointed to the Wotif Group Board as a Non-executive Director on 3 April 2006. He is a member of the Company's Audit and Risk Committee.

Ben has more than 20 years' experience in corporate finance and corporate advisory across the gaming, media, telecommunications, technology, property and hospitality sectors, advising companies in relation to mergers, acquisitions, equity capital markets and private raisings, and corporate strategy. He has worked as

a Director in the corporate advisory group of Macquarie Bank and, prior to that, in London with Hill Samuel Bank's corporate finance and mergers and acquisitions groups.

Ben has a Bachelor of Science in Economics (Hons) majoring in Accounting and Finance from the London School of Economics and has various industry qualifications, including the Securities Institute Diploma. The Board has determined that Ben is an Independent Director.

Kaylene Gaffney – Non-executive Director

Kaylene was appointed to the Board on 22 November 2010 as a Non-executive Director. She is Chair of the Company's Audit and Risk 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 Group Financial Controller of the Super Retail Group. 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.

David Do – Non-executive Director

David was appointed to the Board on 28 February 2013 as a Non-executive Director. He is a member of the Company's Nomination and Remuneration Committee.

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.

Director who resigned during the year

Andrew Brice

Andrew was appointed to the Board on 24 May 2000 as a Non-executive Director. He was 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.

In announcing Andrew's retirement as a Director with effect on 30 August 2013, Chairman Dick McIlwain said *"We accept Andrew's decision that, having just turned 70, he feels it's time to step back from his involvement on the Board. On behalf of the Board and all the staff we want to acknowledge Andrew's contribution to the formation of the Company, its growth and success as well as his personal involvement in developing the people and culture of the Wotif Group. We wish him well in retirement."*

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 the Governance Institute of Australia, and has completed a Graduate Diploma in Applied Corporate Governance.

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*	600,000	Nil
S Blume	4,000	450,000
G T Wood*	41,861,000	Nil
A B R Smith*	150,000	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 and Risk Committee		Nomination and Remuneration Committee	
	A	B	A	B	A	B
R D McIlwain	12	12	4	4	2	2
S Blume	10	10	-	-	-	-
G T Wood	12	11	-	-	2	2
A B R Smith	12	12	6	6	1	1
R A C Brice	2	2	2	2	-	-
K J Gaffney	12	12	6	6	1	1
D Do	12	10	-	-	2	2

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 11.

In order to retain and attract executives of sufficient calibre to facilitate the efficient and effective management of the Group's operations and to align the performance of executives with the interests of shareholders, the Group seeks information on comparative market practices and relativities from external advisors in connection with the structure of remuneration packages. Remuneration consultants are not engaged to provide remuneration recommendations.

A copy of the Charter of the Committee can be found in the Corporate Governance section of the Group's website at www.wotifgroup.com.

REMUNERATION STRUCTURE – SENIOR EXECUTIVES

Remuneration of senior executives of the Group is comprised of two elements:

1. Fixed remuneration:

Senior executives are offered a competitive base pay that comprises the fixed component of pay and rewards. External market data obtained from national remuneration surveys 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 both FY14 and FY13, no bonus pool was created as the earnings before interest expense, tax, depreciation and amortisation did not outperform the relevant prior year 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 FY14 and FY13 reporting periods, 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 690,062 performance rights were granted under the plan, with the intention being to align the performance of executives with the interest of shareholders.

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 not intended to undertake a further grant of equity to Group personnel in the 2015 financial year.

REMUNERATION APPROACH – MANAGING DIRECTOR & GROUP CHIEF EXECUTIVE OFFICER

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 CEO after:

- considering the duties and responsibilities of the CEO role;
- benchmarking the remuneration packages paid to CEOs 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 \$787,500, increasing from \$750,000 on employment anniversary, 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. There was no STI earned by the CEO during the period.
- 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. There was no LTI earned by the CEO during the period.

Sign-on bonus

During FY13, 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.

Discretionary cash bonus

During the year the Board approved a one-off discretionary payment of \$100,000 to the CEO for his role in leading the business and operational review which was aimed at positioning the Wotif Group for future growth. The cash bonus was separate and in addition to other variable remuneration outlined above.

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 – \$163,875 p.a.

Non-executive Director – \$100,229 p.a.

(R A C Brice 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 (**KMP**) having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, during the financial year:

S Blume – Managing Director & Group Chief Executive Officer

G R Timm – Chief Financial Officer

D F Barnes – Chief Commercial Officer

J M Sutherland – Chief Information Officer

S P Simmons – Head of Corporate Development, General Counsel and Company Secretary

H Demetriou – Executive General Manager Flights & Packages

O Dombey – Executive General Manager Asia (resigned 1 November 2013)

D B Finch – Executive General Manager Asia (appointed 4 November 2013)

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

2014	Short-term employee benefits		Post-employment benefits	Long term benefits	Equity		Total \$
	Base cash salary and fees \$	Performance related remuneration cash bonus \$	Super-annuation \$	Long service leave \$	Options/performance rights ² \$	Options write-back ¹⁰ \$	
<i>Non-executive Directors¹</i>							
R D McIlwain	150,000	-	13,875	-	-	-	163,875
G T Wood	91,743	-	8,486	-	-	-	100,229
R A C Brice	-	-	-	-	-	-	-
A B R Smith	91,743	-	8,486	-	-	-	100,229
K J Gaffney	91,743	-	8,486	-	-	-	100,229
D Do ³	91,743	-	8,486	-	-	-	100,229
Sub-total Non-executive Directors	516,972	-	47,819	-	-	-	564,791
<i>Executive Directors</i>							
S Blume ⁵	750,693	100,000	17,748	-	787,133	-	1,655,574
<i>Other KMP</i>							
G R Timm	289,288	-	17,775	15,296	64,797	(71,170)	315,986
D F Barnes ⁶	330,584	-	25,962	-	53,289	-	409,835
J M Sutherland ⁷	278,359	-	17,775	5,755	60,961	(49,820)	313,030
S P Simmons ¹¹	246,396	-	23,080	6,742	45,669	(40,551)	281,336
H Demetriou	223,478	-	17,775	16,810	49,255	(39,653)	267,665
O Dombey ⁹	252,235	-	-	-	-	-	252,235
D B Finch ⁹	127,080	-	-	-	20,503	(24,962)	122,621
Total KMP compensation	3,015,085	100,000	167,934	44,603	1,081,607	(226,156)	4,183,073

2013	Short-term employee benefits		Post-employment benefits	Long term benefits	Equity	Total \$
Name	Base cash salary and fees \$	Performance related remuneration cash bonus \$	Super-annuation \$	Long service leave \$	Options/performance rights ² \$	
<i>Non-executive Directors</i> ¹						
R D McIlwain	150,000	-	13,500	-	-	163,500
G T Wood	91,743	-	8,257	-	-	100,000
R A C Brice	-	-	-	-	-	-
A B R Smith	91,743	-	8,257	-	-	100,000
K J Gaffney	91,743	-	8,257	-	-	100,000
D Do ³	38,226	-	3,440	-	-	41,666
Sub-total Non-executive Directors	463,455	-	41,711	-	-	505,166
<i>Executive Directors</i>						
R M S Cooke ⁴	555,675	-	12,353	-	-	568,028
<i>Other KMP</i>						
S Blume ⁵	310,339	-	12,353	-	86,428	409,120
G R Timm	263,438	-	16,470	6,264	38,903	325,075
D F Barnes ⁶	27,384	-	962	-	-	28,346
A M Ross ⁷	146,480	-	14,966	-	(22,027)	139,419
J M Sutherland ⁷	105,572	-	6,847	7,555	7,637	127,611
H Demetriou	214,916	-	15,714	7,777	17,556	255,963
J N Holte ⁸	204,557	-	16,312	-	(29,956)	190,913
M W Varley ⁹	202,919	-	16,599	-	(18,649)	200,869
O Dombey ⁹	22,279	-	-	-	-	22,279
Total KMP compensation	2,517,014	-	154,287	21,596	79,892	2,772,789

1. Non-executive Directors' remuneration represents fees in connection with attending Board meetings and Board Committee meetings.
2. 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.
3. D Do commenced 28 February 2013.
4. R M S Cooke resigned 11 January 2013.
5. S Blume commenced as Chief Executive Officer on 21 January 2013 and was appointed as Managing Director on 2 September 2013.
6. D F Barnes was appointed as Chief Commercial Officer 27 May 2013.
7. A M Ross resigned as Chief Information Officer on 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.
8. J N Holte resigned as Executive General Manager ANZ on 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 expense relates to the forfeiture of his unvested Executive Share Option Plan awards.
9. M W Varley resigned as Executive General Manager Asia on 5 April 2013. O Dombey was appointed on 3 June 2013 and resigned on 1 November 2013. D B Finch was appointed on 4 November 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.
10. Represents the calculated reduction (per AASB2 *Share Based Payments*) in options expenses having regard to vesting failures of options or performance rights due to non-market factors.
11. S P Simmons commenced employment with the Group on 2 June 2008 as General Counsel. He is regarded as KMP from 1 July 2013 due to his additional and broader responsibilities for Corporate Development.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed Remuneration		At risk – STI		At Risk – LTI	
	2014 %	2013 %	2014 %	2013 %	2014 %	2013 %
<i>Non-executive Directors</i>						
R D McIlwain	100	100	-	-	-	-
G T Wood	100	100	-	-	-	-
R A C Brice	-	-	-	-	-	-
A B R Smith	100	100	-	-	-	-
K J Gaffney	100	100	-	-	-	-
D Do	100	100	-	-	-	-
<i>Executive Directors</i>						
R M S Cooke	-	100	-	-	-	-
S Blume	46	100	6	-	48	-
<i>Other KMP</i>						
G R Timm	102	88	-	-	(2)	12
D F Barnes	87	100	-	-	13	-
A M Ross	-	116	-	-	-	(16)
J M Sutherland	96	94	-	-	4	6
S P Simmons	98	-	-	-	2	-
H Demetriou	96	93	-	-	4	7
J N Holte	-	116	-	-	-	(16)
M W Varley	-	109	-	-	-	(9)
O Dombey	100	100	-	-	-	-
D B Finch	104	-	-	-	(4)	-

In FY13, 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.

In FY14, the negative-at-risk remuneration percentage is due the calculated reduction (per AASB2 *Share Based Payments*) in options expenses having regard to vesting failures of options or performance rights due to non-market factors.

Remuneration percentage calculations are based upon option and performance rights expense including write-back.

Section C – Contractual Arrangements

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

Name	Employed by	Term of agreement	Termination by Company*	Termination by Employee**
S Blume <i>Chief Executive Officer</i>	Wotif.com Pty Ltd	Rolling term, commencing 21 January 2013	12 months' base salary	6 months' notice
G R Timm <i>Chief Financial Officer</i>	Wotif.com Pty Ltd	Rolling term	6 months' base salary	4 months' notice
D F Barnes <i>Chief Commercial Officer</i>	Wotif.com Pty Ltd	Rolling term, commencing 27 May 2013	6 months' base salary	3 months' notice
J M Sutherland <i>Chief Information Officer</i>	Wotif.com Pty Ltd	Rolling term, commencing 1 February 2013	6 months' base salary	3 months' notice
S P Simmons <i>Head of Corporate Development, General Counsel and Company Secretary</i>	Wotif.com Pty Ltd	Rolling term	6 months' base salary	6 months' notice
H Demetriou <i>Executive General Manager Flights & Packages</i>	Wotif.com Pty Ltd	Rolling term	6 months' base salary	3 months' notice
O Dombey <i>Executive General Manager Asia</i>	Wotif.com Pte Ltd	Rolling term, commencing 3 June 2013	6 months' base salary	3 months' notice
D B Finch <i>Executive General Manager Asia</i>	Asia Web Direct Co;Ltd.	Rolling term, commencing 4 November 2013	6 months' base salary	3 months' notice

* 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).

** 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 since listing in 2006 has undertaken nine issues of options under the Executive Share Option Plan and four issues of zero exercise price performance rights. The major terms of those issues that were current during the year are as follows. Directors, other than S Blume, did not participate in these issues:

	Package 5 Options	Package 6 Options	Package 7 Options	Package 9 Options	Package 10 Performance Rights	Package 11 Performance Rights EPS Rights (1)	Package 11 Performance Rights TSR Rights (1)
Number of options granted	1,815,000	1,468,000	872,500	935,000	260,100	213,750	71,250
Grant date	4 Jul 2008	30 Jun 2009	3 Sept 2010	3 Oct 2011	23 Oct 2012	28 May 2013	28 May 2013
Share price	NA	NA	NA	NA	\$4.90	\$5.50	\$5.50
Exercise price	\$2.92	\$4.43	\$4.43	\$4.03	Nil	Nil	Nil
Number of options per tranche	3 tranches 1st:603,987 2nd:604,002 3rd:607,011	3 tranches 1st:489,307 2nd:489,339 3rd:489,354	3 tranches 1st:290,831 2nd:290,832 3rd:290,837	3 tranches 1st:311,666 2nd:311,667 3rd:311,667	3 equal tranches	3 equal tranches	3 equal tranches
<i>Vesting dates and fair value</i>							
Tranche 1	1 Nov 2011 \$0.693	1 Nov 2012 \$1.44	1 Nov 2013 \$0.94	1 Nov 2014 \$0.7389	1 Nov 2015 \$4.2303	28 Feb 2014 \$5.3023	28 Feb 2014 \$3.0537
Tranche 2	1 Nov 2012 \$0.699	1 Nov 2013 \$1.48	1 Nov 2014 \$1.02	1 Nov 2015 \$0.7408	1 Nov 2016 \$4.0297	28 Feb 2015 \$5.0511	28 Feb 2015 \$2.7259
Tranche 3	1 Nov 2013 \$0.6972	1 Nov 2014 \$1.51	1 Nov 2015 \$1.07	1 Nov 2016 \$0.7335	1 Nov 2017 \$3.8381	28 Feb 2016 \$4.8117	28 Feb 2016 \$2.2250
Lapsing date	31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016	31 Dec 2019	30 Jun 2016	30 Jun 2016

	Package 12 Performance Rights EPS Rights (2)	Package 12 Performance Rights TSR Rights (2)	Package 13 Performance Rights EPS Rights (3)	Package 13 Performance Rights TSR Rights (3)	Package 13 Performance Rights KPI Rights (3)	Package 13 Performance Rights EPS Rights (4)	Package 13 Performance Rights KPI Rights (4)
Number of performance rights granted	123,750	41,250	495,678	101,242	63,985	21,868	7,289
Grant date	28 May 2013	28 May 2013	31 Oct 2013	31 Oct 2013	31 Oct 2013	7 March 2014	7 March 2014
Share price	\$5.50	\$5.50	\$4.44	\$4.44	\$4.44	\$2.40	\$2.40
Exercise price	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Number of performance rights per tranche	3 equal tranches	3 equal tranches	3 tranches 1st:200,863 2nd:147,410 3rd:147,405	3 tranches 1st:40,497 2nd:30,373 3rd:30,372	3 tranches 1st:26,458 2nd:18,764 3rd:18,763	3 tranches 1st:8,099 2nd:6,885 3rd:6,884	3 tranches 1st:2,700 2nd:2,295 3rd:2,294
<i>Vesting dates and fair value</i>							
Tranche 1	28 Feb 2016 \$4.8117	28 Feb 2016 \$3.0495	28 Feb 2016 \$3.7981	28 Feb 2016 \$1.8726	28 Feb 2016 \$3.7981	28 Feb 2016 \$2.0922	28 Feb 2016 \$2.0922
Tranche 2	28 Feb 2017 \$4.5837	28 Feb 2017 \$2.7243	28 Feb 2017 \$3.6001	28 Feb 2017 \$2.3813	28 Feb 2017 \$3.6001	28 Feb 2017 \$1.9831	28 Feb 2017 \$1.9831
Tranche 3	28 Feb 2018 \$4.3665	28 Feb 2018 \$2.3414	28 Feb 2018 \$3.4124	28 Feb 2018 \$2.3439	28 Feb 2018 \$3.4124	28 Feb 2018 \$1.8797	28 Feb 2018 \$1.8797
Lapsing date	30 Jun 2018	30 Jun 2018	31 Dec 2020	31 Dec 2020	31 Dec 2020	31 Dec 2020	31 Dec 2020

- (1) 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).
- (2) 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).
- (3) Package 13 issued 31 October 2013 totals 660,905 performance rights and is comprised of 3 components, being 495,678 rights using Earnings Per Share as a performance measure (EPS Rights), 101,242 rights using Total Shareholder Return as a performance measure (TSR Rights) and 63,985 rights using Key Performance Indicators as performance measure (KPI Rights).
- (4) A further 29,157 Package 13 performance rights were granted on 7 March 2014, being 21,868 rights using Earnings Per Share as a performance measure (EPS Rights) and 7,289 rights using Key Performance Indicators as performance measure (KPI Rights).
- (5) The valuation model for Package 13 included an annualised volatility of 32.5%, annual dividend yield of 5.5% and a risk free rate of 2.95% to 3.40%.

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

	Performance criteria for each tranche
Package 5	Achieving compound annual earnings per share growth of 15% over FY2008 earnings per share.
Package 6	Achieving compound annual earnings per share growth of 10% over FY2009 earnings per share.
Package 7	Achieving compound annual earnings per share growth of 10% over FY2010 earnings per share.
Package 9	Achieving compound annual earnings per share growth of 7.5% over FY2011 earnings per share.
Package 10	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%.
Package 11	<ul style="list-style-type: none"> ▪ 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 ▪ 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 Helloworld Limited (previously Jetset Travelworld Limited) for the 2013 calendar year and thereafter on a cumulative average basis until the 2015 calendar year.
Package 12	<ul style="list-style-type: none"> ▪ 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 year with the number of intervening years increased to four and five years respectively; and ▪ 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 Helloworld Limited (previously Jetset Travelworld Limited) (the "TSR Basket") for the corresponding three year period. Thereafter the criterion is measured for the 2016 and 2017 calendar year with the number of intervening years increased to four and five years respectively.
Package 13 (75% EPS portion)	<ul style="list-style-type: none"> ▪ Maximum EPS portion: The Performance Criteria ("Maximum EPS Hurdles") that must be satisfied in order for all of the EPS Portion of Performance Rights in a tranche to be exercised are as follows: Tranche 1 - the Company's FY14 EPS must meet or exceed the EPS achieved in FY13 uplifted by 7.5%. Tranches 2 and 3 require the same EPS Hurdles (7.5% uplift) to be achieved cumulatively for each of the three intervening calendar years. ▪ Minimum EPS portion: The Performance Criteria ("Minimum EPS Hurdles") that must be satisfied in order for 50% or more of the EPS Portion (calculated on a pro rata basis of the Maximum Hurdle) to be exercised are as follows: Tranche 1 - the Company's FY14 EPS must meet or exceed the EPS achieved in FY13 uplifted by 5%. Tranches 2 and 3 require the same EPS Hurdles (5% uplift) to be achieved cumulatively for each of the three intervening calendar years.
Package 13 (25% TSR portion)	<p>In addition to the EPS hurdle, some performance rights included a 25% TSR component with vesting conditions as follows:</p> <ul style="list-style-type: none"> ▪ Maximum TSR portion: The Performance Criteria ("Maximum TSR Hurdles") that must be satisfied in order for all of the TSR Portion of Performance Rights in a tranche to be exercised are as follows: Tranche 1 - the Company's TSR for FY14 must meet or exceed the 75th percentile of the TSR for the TSR Basket achieved for FY14. Tranches 2 and 3 require the same 75th percentile TSR Hurdles in the FY15 and FY16 years. ▪ Minimum TSR portion: The Performance Criteria ("Minimum TSR Hurdles") that must be satisfied in order for 75% or more of the TSR Portion (calculated on a pro rata basis of the Maximum TSR Hurdle) to be exercised are as follows: Tranche 1 - the Company's TSR for FY14 must meet or exceed the average of the TSR Basket achieved for FY14. Tranches 2 and 3 require the same TSR Hurdles in the FY15 and FY16 years.
Package 13 (25% KPI portion)	<p>In addition to the EPS hurdle, some performance rights included a 25% KPI component with vesting conditions as follows:</p> <ul style="list-style-type: none"> • Maximum KPI portion: The Performance Criteria ("Maximum KPI Hurdles") that must be satisfied in order for all of the KPI Portion of Performance Rights in a tranche to be exercised are as follows: Tranche 1 - the stretch target KPI must be met or exceeded for FY14. Tranches 2 and 3 require the same stretch target KPI Hurdles in the FY15 and FY16 years. ▪ Minimum KPI portion: The Performance Criteria ("Minimum KPI Hurdles") that must be satisfied in order for 75% or more of the KPI Portion (calculated on a pro rata basis of the Maximum KPI Hurdle) to be exercised are as follows: Tranche 1 - the base target KPI must be met or exceeded for FY14. Tranches 2 and 3 require the based KPI to be met or exceeded in the FY15 and FY16 years. ▪ All Package 13 performance rights include a catch-up provision, whereby if a Maximum or Minimum EPS, TSR or KPI Hurdle for a tranche portion is not met at the vesting date, but the Maximum or Minimum EPS, TSR or KPI Hurdle is met on a cumulative basis over the catch-up period for that tranche portion, then the tranche portion with the earlier vesting date will vest on the vesting date immediately following the catch up period as if the relevant applicable Maximum or Minimum EPS, TSR or KPI Hurdles had been met.

The KPI Measures for Package 13 have been structured based on the KMP's individual responsibilities to ensure that the measures are closely aligned to business performance and are designed to:

- Deliver group performance improvements in line with the strategic plan;
- Provide rewards subject to the achievement of rigorous targets; and
- Align individual objectives to Group and business specific objectives.

The following financial and non-financial components constitute the key result areas of the KPI Measures:

- Performance to budget for the relevant division; or
- Operational performance targets.

The performance to budget targets varies for each individual dependent on their role. Examples of such components could include achieving product sales budgets (this may include a mix of TTV, revenue or volumes) and managing operating costs within budget.

The operational performance targets vary for each individual dependent on their role. Examples of such components could include increasing conversion rates, producing SEO content or designing new key features for Group sites.

All targets are set at the beginning of the financial year and are designed to deliver results in line with the Group's overall strategic plan. This results in each eligible employee having a KPI measure that is directly linked to their individual annual business objectives.

The CEO reviews annually the ongoing appropriateness of the measures including performance measures, weighting of the measures and assessment of performance.

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. However 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.

As disclosed in note 31, the Company has entered into a Scheme Implementation Agreement with the Expedia group under which it is proposed that Expedia will acquire 100% of the fully diluted share capital in Wotif Group by way of a Scheme of Arrangement. The cash consideration per share is A\$3.06.

Upon the implementation of the Scheme, the unvested options packages will be cancelled as the exercise price for each of the options packages exceeds the cash consideration per share of A\$3.06. The performance rights packages may vest upon the Scheme implementation date as the exercise price for each of the performance rights packages is below the cash consideration per share of A\$3.06.

The Scheme implementation date is anticipated to occur in October 2014.

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.

OPTIONS PROVIDED AS REMUNERATION

Details of options provided as remuneration are set out below:

	Balance at the start of the year	Granted as remuneration	Options exercised	Other changes	Balance at the end of the year	Vested and exercisable	Unvested
FY14 KMP of the Consolidated Entity							
S Blume ²	-	-	-	-	-	-	-
G R Timm ¹¹	279,000	-	-	(50,000)	229,000	-	229,000
DF Barnes ³	-	-	-	-	-	-	-
J M Sutherland ^{5; 11}	92,000	-	-	-	92,000	-	92,000
S P Simmons ^{10; 11}	125,000	-	-	(45,000)	80,000	-	80,000
H Demetriou ¹¹	203,000	-	-	(125,000)	78,000	-	78,000
O Dombey ⁸	-	-	-	-	-	-	-
D B Finch ⁹	63,000	-	-	-	63,000	-	63,000
FY13 KMP of the Consolidated Entity							
R M S Cooke ¹	800,000	-	-	(800,000)	-	-	-
S Blume ²	-	-	-	-	-	-	-
G R Timm	279,000	-	-	-	279,000	-	279,000
DF Barnes ³	-	-	-	-	-	-	-
A M Ross ⁴	198,000	-	-	(198,000)	-	-	-
J M Sutherland ⁵	92,000	-	-	-	92,000	-	92,000
H Demetriou	203,000	-	-	-	203,000	-	203,000
J N Holte ⁶	168,000	-	-	(168,000)	-	-	-
M W Varley ⁷	152,000	-	-	(152,000)	-	-	-
O Dombey ⁸	-	-	-	-	-	-	-

- 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.
- S Blume commenced as Chief Executive Officer on 21 January 2013 and was appointed as Managing Director on 2 September 2013.
- D F Barnes was appointed as Chief Commercial Officer 27 May 2013.
- A M Ross resigned 31 January 2013 which resulted in the forfeiture of her unvested Executive Share Option Plan awards.
- J M Sutherland was appointed 1 February 2013.
- J N Holte resigned as Executive General Manager ANZ on 10 May 2013 which resulted in the forfeiture of his unvested Executive Share Option Plan awards. This position was not refilled; instead, the new role of Chief Commercial Officer was created.
- M W Varley resigned as Executive General Manager Asia on 5 April 2013 which resulted in the forfeiture of his unvested Executive Share Option Plan awards.
- O Dombey was appointed on 3 June 2013 and resigned on 1 November 2013.
- D B Finch was appointed as Executive General Manager Asia on 4 November 2013. Prior to his appointment as Executive General Manager Asia, D B Finch fulfilled the role of Deputy Executive General Manager Asia.
- S P Simmons commenced employment with the Group on 2 June 2008 as General Counsel. He is regarded as KMP from 1 July 2013 due to his additional and broader responsibilities for Corporate Development.
- Options Package 5 lapsed during FY14 as the performance criteria were not met.

PERFORMANCE RIGHTS PROVIDED AS REMUNERATION

Details of performance rights provided as remuneration are set out below:

	Balance at the start of the year	Granted as remuneration	Performance Rights exercised	Other changes	Balance at the end of the year	Vested and exercisable	Unvested
FY14 KMP of the Consolidated Entity							
S Blume ²	450,000	-	-	-	450,000	-	450,000
G R Timm	13,500	97,192	-	-	110,692	-	110,692
DF Barnes ³	-	97,192	-	-	97,192	-	97,192
J M Sutherland ⁵	9,000	97,192	-	-	106,192	-	106,192
S P Simmons ¹⁰	11,900	64,794	-	-	76,694	-	76,694
H Demetriou	10,800	64,795	-	-	75,595	-	75,595
O Dombey ⁸	-	-	-	-	-	-	-
D B Finch ⁹	4,000	48,595	-	-	52,595	-	52,595
FY13 KMP of the Consolidated Entity							
R M S Cooke ¹	-	-	-	-	-	-	-
S Blume ²	-	450,000	-	-	450,000	-	450,000
G R Timm	-	13,500	-	-	13,500	-	13,500
DF Barnes ³	-	-	-	-	-	-	-
A M Ross ⁴	-	13,500	-	(13,500)	-	-	-
J M Sutherland ⁵	-	9,000	-	-	9,000	-	9,000
H Demetriou	-	10,800	-	-	10,800	-	10,800
J N Holte ⁶	-	10,500	-	(10,500)	-	-	-
M W Varley ⁷	-	11,200	-	(11,200)	-	-	-
O Dombey ⁸	-	-	-	-	-	-	-

1. R M S Cooke resigned 11 January 2013.
2. S Blume commenced as Chief Executive Officer on 21 January 2013 and was appointed as Managing Director on 2 September 2013.
3. D F Barnes was appointed as Chief Commercial Officer 27 May 2013.
4. A M Ross resigned 31 January 2013 which resulted in the forfeiture of her unvested Executive Share Option Plan awards.
5. J M Sutherland was appointed 1 February 2013.
6. J N Holte resigned as Executive General Manager ANZ on 10 May 2013 which resulted in the forfeiture of his unvested Executive Share Option Plan awards. This position was not refilled; instead, the new role of Chief Commercial Officer was created.
7. M W Varley resigned as Executive General Manager Asia on 5 April 2013 which resulted in the forfeiture of his unvested Executive Share Option Plan awards.
8. O Dombey was appointed on 3 June 2013 and resigned on 1 November 2013.
9. D B Finch was appointed as Executive General Manager Asia on 4 November 2013. Prior to his appointment as Executive General Manager Asia, D B Finch fulfilled the role of Deputy Executive General Manager Asia.
10. S P Simmons commenced employment with the Group on 2 June 2008 as General Counsel. He is regarded as KMP from 1 July 2013 due to his additional and broader responsibilities for Corporate Development.

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 all the options packages, Package 10 performance rights and the performance rights in Package 13 which have EPS and KPI performance hurdles. A Monte Carlo simulation model is used for performance rights Packages 11 to 12 and for the TSR performance hurdles in Package 13. The inputs into the valuation models are included in note 29.

No ordinary shares in the Company have been provided to Directors or other KMP of the Group and/or Company during the financial year as a result of the exercise of options or performance rights (FY13: Nil).

KMP 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.

SHAREHOLDINGS*

The numbers of shares in the Company held during the financial year by each Director of Wotif.com Holdings Limited and other KMP of the Company, including their personally related parties, are set out below.

FY14	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
Directors of Wotif.com Holdings Limited					
<i>Ordinary shares</i>					
R D McIlwain	575,000	-	-	25,000	600,000
G T Wood	43,861,000	-	-	(2,000,000)	41,861,000
A B R Smith	150,000	-	-	-	150,000
R A C Brice ¹⁰	33,000,000	-	-	(33,000,000)	-
K J Gaffney	-	-	-	-	-
D Do	-	-	-	-	-
S Blume ²	-	-	-	4,000	4,000
KMP of the Consolidated Entity					
<i>Ordinary shares</i>					
G R Timm	6,558	-	-	-	6,558
D F Barnes ³	-	-	-	-	-
J M Sutherland ⁵	2,000	-	-	-	2,000
S P Simmons ¹¹	-	-	-	-	-
H Demetriou	4,473	-	-	-	4,473
O Dombey ⁸	-	-	-	-	-
D B Finch ⁹	-	-	-	-	-

* Includes shares held directly, indirectly and beneficially by KMP

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
Directors of Wotif.com Holdings Limited					
<i>Ordinary shares</i>					
R D McIlwain	575,000	-	-	-	575,000
R M S Cooke ¹	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	-	-	-	-	-
KMP of the Consolidated Entity					
<i>Ordinary shares</i>					
S Blume ²	-	-	-	-	-
G R Timm	6,558	-	-	-	6,558
D F Barnes ³	-	-	-	-	-
A M Ross ⁴	60,233	-	-	(60,233)	-
J M Sutherland ⁵	2,000	-	-	-	2,000
H Demetriou	4,473	-	-	-	4,473
J N Holte ⁶	-	-	-	-	-
M W Varley ⁷	15,233	-	-	(15,233)	-
O Dombey ⁸	-	-	-	-	-

1. R M S Cooke resigned 11 January 2013; details of his shareholdings subsequent to his resignation are not required to be disclosed.
2. S Blume commenced as Chief Executive Officer on 21 January 2013 and was appointed as Managing Director on 2 September 2013.
3. D F Barnes was appointed as Chief Commercial Officer 27 May 2013.
4. A M Ross resigned 31 January 2013; details of her shareholdings subsequent to her resignation are not required to be disclosed.
5. J M Sutherland was appointed 1 February 2013.
6. J N Holte resigned as Executive General Manager ANZ 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.
7. 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.
8. O Dombey was appointed on 3 June 2013 and resigned on 1 November 2013.
9. D B Finch was appointed as Executive General Manager Asia on 4 November 2013.
10. R A C Brice resigned as Director on 30 August 2013; details of his shareholdings subsequent to his resignation are not required to be disclosed.
11. S P Simmons commenced employment with the Group on 2 June 2008 as General Counsel. He is regarded as KMP from 1 July 2013 due to his additional and broader responsibilities for Corporate Development.

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 \$53.0 million in FY10 to a record \$58.0 million in FY12 as shown in **Figure 2**, and record earnings per share growth in FY12 as shown in **Figure 3**. As detailed in the Operating and Financial Review and illustrated in **Figures 2 and 3** below, profits in the last two years have decreased due to increased competition in our core markets coupled with the Group's investment in our cost base in the areas of technology and marketing (FY14 NPAT: \$43.2 million; FY13 NPAT: \$51.0 million).

Figure 4 reflects the fluctuations in the value of Wotif.com Holdings Limited's shares since listing in June 2006 at an issue price of \$2.00. The share price as at 30 June 2014 was \$2.43 (\$4.53 as at 30 June 2013). 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.

The Company paid an interim dividend of 10.0 cents during FY14. A special dividend of 0.24 cents will be paid under the Scheme Implementation Agreement with the Expedia group. In the event the scheme did not proceed, the Board will consider a final dividend in relation to the year ended 30 June 2014. The Company paid a dividend of 23.0 cents in relation to FY13 comprising an interim dividend of 11.5 cents and final dividend of 11.5 cents.

Figure 2. NPAT CAGR – 5 year history (million AUD)

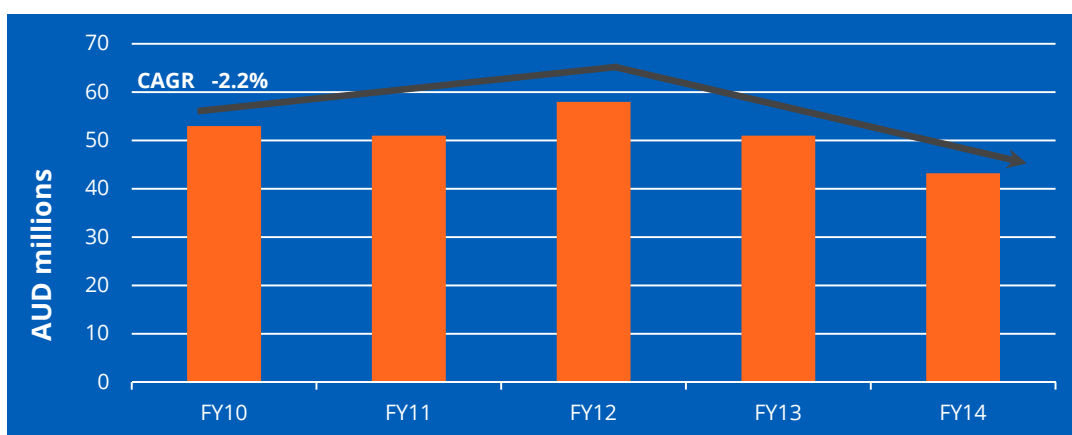


Figure 3. Earnings per share CAGR – 5 year history (cents)

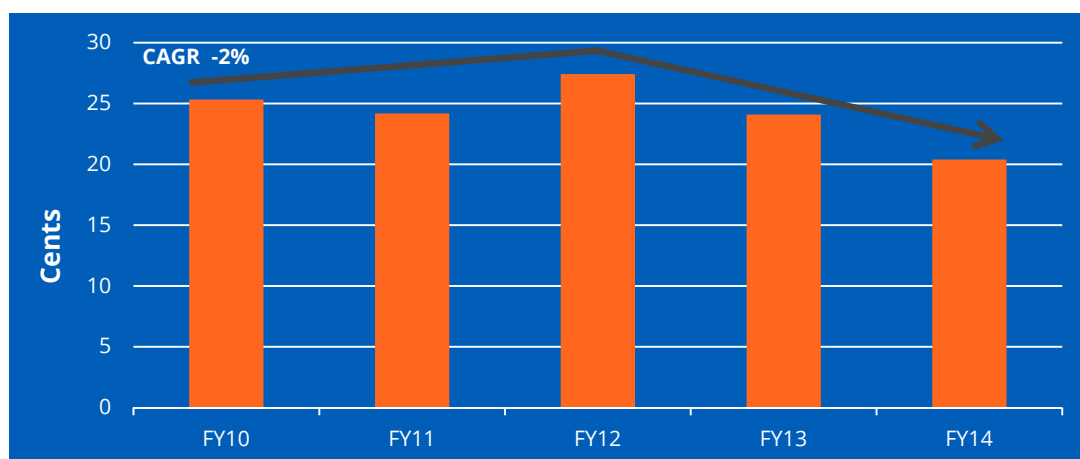
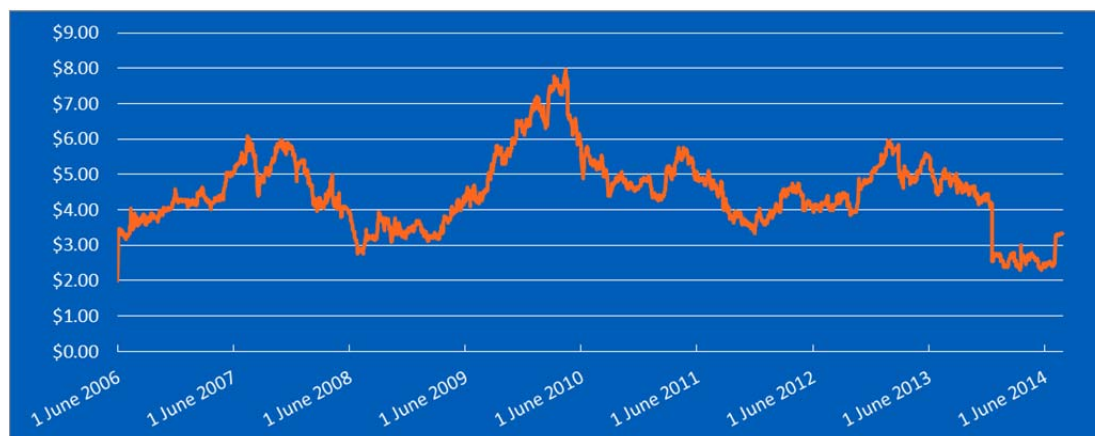


Figure 4. Share price since listing



Further details relating to options and performance rights for FY14 are set out below:

Name	A	B	C	D
	Remuneration consisting of options/performance rights	Value at grant date \$	Value at exercise date \$	Value at lapse date \$
R D McIlwain	-	-	-	-
A B R Smith	-	-	-	-
R A C Brice	-	-	-	-
G T Wood	-	-	-	-
R M S Cooke	-	-	-	-
S Blume	48%	-	-	-
G R Timm	(2%)	53,289	-	-
D F Barnes	13%	53,289	-	-
J M Sutherland	4%	53,289	-	-
S P Simmons	2%	35,525	-	-
H Demetriou	(4%)	40,049	-	-
O Dombey	-	-	-	-
D B Finch	(4)%	17,094	-	-

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 35 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 ¹ \$
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 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	
Package 13 (FY14) - EPS Rights	0%	0%	FY17	Nil	110,744	
			FY18		78,729	
			FY19		74,622	
Package 13 (FY14) - TSR Rights	0%	0%	FY17	Nil	18,200	
			FY18		17,358	
			FY19		17,085	
J M Sutherland	Package 6 (FY09)	0%	0%	FY13	Nil	24,000
				FY14	Nil	24,667
				FY15	Nil	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	
Package 13 (FY14) - EPS Rights	0%	0%	FY17	Nil	110,744	
			FY18		78,729	
			FY19		74,622	

1. 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.

	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 ¹ \$
J M Sutherland cont'd	Package 13 (FY14) - TSR Rights	0%	0%	FY17	Nil	18,200
				FY18		17,358
				FY19		17,085
S P Simmons	Package 6 (FY09)	0%	0%	FY13	Nil	16,800
				FY14		17,267
				FY15		17,616
	Package 7 (FY11)	0%	0%	FY14	Nil	6,580
				FY15		7,140
				FY16		7,490
	Package 9 (FY12)	0%	0%	FY15	Nil	5,911
FY16				5,926		
FY17				5,868		
Package 10 (FY13)	0%	0%	FY16	Nil	16,780	
			FY17		15,986	
			FY18		15,222	
Package 13 (FY14) - EPS Rights	0%	0%	FY17	Nil	73,829	
			FY18		52,484	
			FY19		49,748	
Package 13 (FY14) - TSR Rights	0%	0%	FY17	Nil	12,134	
			FY18		11,572	
			FY19		11,390	
H Demetriou	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	
Package 13 (FY14) - EPS Rights	0%	0%	FY17	Nil	73,829	
			FY18		52,484	
			FY19		49,750	
Package 13 (FY14) - KPI Rights	0%	0%	FY17	Nil	24,610	
			FY18		17,495	
			FY19		16,583	
D F Barnes	Package 13 (FY14) - EPS Rights	0%	0%	FY17	Nil	110,744
				FY18		78,729
				FY19		74,622
	Package 13 (FY14) - TSR Rights	0%	0%	FY17	Nil	18,200
				FY18		17,358
				FY19		17,085

1. 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.

	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 ¹ \$
D B Finch	Package 13 (FY14) - EPS Rights	0%	0%	FY17	Nil	24,609
				FY18		14,580
				FY19		13,818
	Package 13 (FY14) - KPI Rights	0%	0%	FY17	Nil	8,203
				FY18		4,860
				FY19		4,606
	Package 13 (March 14) - EPS Rights	0%	0%	FY17	Nil	16,945
				FY18		13,652
				FY19		12,940
	Package 13 (March 14) - KPI Rights	0%	0%	FY17	Nil	5,648
				FY18		4,551
				FY19		4,313

1. 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.

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 2,818,462 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 2014 was \$2.43.

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*.

Indemnification of Auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

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 47 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 2014 financial year, were as follows:

Description of non-audit service	Amount paid or payable
Tax	\$4,369

Based on the services provided and the fees 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 12 August 2014.



Dick McIlwain
Chairman

AUDITOR'S INDEPENDENCE DECLARATION



Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

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

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

In relation to our audit of the financial report of Wotif.com Holdings Limited for the financial year ended 30 June 2014, 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 style.

Ernst & Young

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

Alison de Groot
Partner
12 August 2014

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

INCOME STATEMENT

for the year ended 30 June 2014

	Note	Consolidated	
		2014 \$'000	2013 \$'000
Revenue			
Accommodation revenue		129,301	126,915
Flights and Other revenue		17,561	15,093
Interest received		2,833	4,640
Total revenue		149,695	146,648
Other income			
Profit on sale of investment property	11	816	-
Total other income		816	-
Expenses			
Advertising and marketing expenses		31,401	20,418
Business development expenses		11,519	10,958
Operations and administration expenses	3	43,567	41,689
Total expenses		86,487	73,065
Profit from continuing operations before income tax		64,024	73,583
Income tax expense	4	20,840	22,546
Profit for the year		43,184	51,037

		2014 per share	2013 per share
Earnings per share from profit from continuing operations attributable to the ordinary equity holders of the parent:			
Basic earnings per share	24	20.40 cents	24.10 cents
Diluted earnings per share	24	20.27 cents	23.98 cents

The accompanying notes form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2014

	Consolidated	
	2014 \$'000	2013 \$'000
Profit for the year	43,184	51,037
Other Comprehensive Income		
Items that may be reclassified to profit or loss		
Foreign currency translation	(1,772)	2,995
Other comprehensive income for the year, net of tax	(1,772)	2,995
Total comprehensive income for the year	41,412	54,032

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2014

	Note	Consolidated	
		2014 \$'000	2013 \$'000
CURRENT ASSETS			
Cash and cash equivalents	6	91,082	132,000
Trade and other receivables	7	8,423	10,851
Total current assets		99,505	142,851
NON-CURRENT ASSETS			
Receivables	8	143	149
Investment in joint venture	9	1,083	523
Property, plant and equipment	10	17,294	17,346
Investment property	11	-	3,443
Deferred tax assets	4	8,309	7,411
Intangible assets and goodwill	12	96,649	95,359
Total non-current assets		123,478	124,231
Total assets		222,983	267,082
CURRENT LIABILITIES			
Trade and other payables	13	116,572	156,562
Income tax payable		5,177	5,978
Provisions	15	2,226	1,860
Total current liabilities		123,975	164,400
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	14	102	112
Deferred tax liabilities	4	2,177	2,189
Provisions	15	837	483
Total non-current liabilities		3,116	2,784
Total liabilities		127,091	167,184
Net assets		95,892	99,898
EQUITY			
Contributed equity	16	30,001	30,001
Retained earnings		62,319	64,633
Reserves	17	3,572	5,264
Total equity		95,892	99,898

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2014

		Consolidated	
	Note	2014 \$'000	2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		1,234,951	1,271,373
Payments to suppliers and employees (inclusive of GST)		(1,204,160)	(1,198,745)
Interest received		2,878	4,620
Income tax paid		(22,587)	(25,093)
Net cash flows from operating activities	19(a)	11,082	52,155
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(3,527)	(2,796)
Proceeds from sale of investment property		4,250	-
Payments for web development		(7,229)	(6,893)
Contribution to joint venture		(865)	(481)
Net cash flows used in investing activities		(7,371)	(10,170)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(45,524)	(52,934)
Net cash flows used in financing activities		(45,524)	(52,934)
Net decrease in cash and cash equivalents		(41,813)	(10,949)
Net foreign exchange differences		895	2,078
Cash and cash equivalents at beginning of year		132,000	140,871
Cash and cash equivalents at end of year	19(b)	91,082	132,000

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2014

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	-	-	-	43,184	43,184
Other comprehensive income	-	-	(1,772)	-	(1,772)
Income tax	-	-	-	-	-
Total comprehensive income for the period	-	-	(1,772)	43,184	41,412
Transactions with owners in their capacity as owners:					
Shares issued	-	-	-	-	-
Share-based payments	-	115	-	-	115
Income tax	-	(35)	-	-	(35)
De-recognition of subsidiary reserves	-	-	-	26	26
Dividends paid	-	-	-	(45,524)	(45,524)
At 30 June 2014	30,001	5,667	(2,095)	62,319	95,892

for the year ended 30 June 2013

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	-	-	-	51,037	51,037
Other comprehensive income	-	-	2,995	-	2,995
Income tax	-	-	-	-	-
Total comprehensive income for the period	-	-	2,995	51,037	54,032
Transactions with owners in their capacity as owners:					
Shares issued	-	-	-	-	-
Share-based payments	-	454	-	-	454
Income tax	-	(136)	-	-	(136)
Dividends paid	-	-	-	(52,934)	(52,934)
At 30 June 2013	30,001	5,587	(323)	64,633	99,898

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 2014 was authorised for issue in accordance with a resolution of Directors made on 12 August 2014.

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. 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 2014 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:

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 are 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 KMP 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 has resulted in reduced disclosures in the notes for Related Parties and KMP 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 2013-3 Amendments to AASB 136 Recoverable Amounts Disclosures for Non-Financial Assets. AASB 2013-3 amends the disclosure requirements in AASB 136 *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. The Group has elected to early adopt this standard, resulting in an application date of 1 July 2013. The adoption of AASB 2013-3 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 30 June 2014 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 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; and (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 is 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.

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.

The AASB issued a revised version of AASB 9 (AASB 2013-9) during December 2013. The revised standard incorporates three primary changes:

- New hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures;
- Entities may elect to apply only the accounting for gains and losses from own credit risk without applying the other requirements of AASB 9 at the same time;
- In February 2014, the IASB tentatively decided that the mandatory effective date for AASB 9 will be 1 January 2018

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 2018.

Annual Improvements 2010–2012 Cycle sets out amendments to IFRS and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB.

The following items are addressed by this standard:

- IFRS 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'.
- IFRS 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to IAS 37.
- IFRS 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets.
- IAS 16 & IAS 38 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts.
- IAS 24 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of IAS 24 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.

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.

Annual Improvements 2011–2013 Cycle sets out amendments to IFRS and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB.

The following items are addressed by this standard:

- IFRS 13 - Clarifies that the portfolio exception in paragraph 52 of IFRS 13 applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32.
- IAS 40 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of IFRS 3 that includes an investment property. That judgment is based on guidance in IFRS 3.

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 1031 Materiality The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed. 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 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments. The Standard contains three main parts and makes amendments to a number of Standards and Interpretations.

- Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1.
- Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.
- Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments.

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 30 June 2014 for Part A, 1 July 2014 for Part B and 1 July 2015 for Part C.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38). IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

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 2016.

IFRS 15 Revenue from Contracts with Customers establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

IFRS 15 supersedes:

- IAS 11 *Construction Contracts*
- IAS 18 *Revenue*
- IFRIC 13 *Customer Loyalty Programmes*

- (d) IFRIC 15 *Agreements for the Construction of Real Estate*
- (e) IFRIC 18 *Transfers of Assets from Customers*
- (f) SIC-31 *Revenue—Barter Transactions Involving Advertising Services*

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- (a) Step 1: Identify the contract(s) with a customer
- (b) Step 2: Identify the performance obligations in the contract
- (c) Step 3: Determine the transaction price
- (d) Step 4: Allocate the transaction price to the performance obligations in the contract
- (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Early application of this standard is permitted. The Group are yet to perform a review to assess the impact on the financial report. The application date for the Group is 1 July 2017.

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, supplier rebates, 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

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement in the relevant activities of the investee/subsidiary. A list of controlled entities is contained in note 20 to the financial statements.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 by an Assumption Deed dated 10 June 2010.

f) Intangible assets

GOODWILL

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the consideration transferred is less than the fair value of the acquiree's identifiable net assets of the subsidiary acquired, the difference is recognised in the Income Statement.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units that are

expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the cash-generating unit 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.

Key factors taken into account in assessing the useful life of trademarks and brand names are:

- The brands are well established and protected by trademarks across the globe. The trademarks are generally subject to an indefinite number of renewals upon appropriate application; and
- There are currently no legal, technical or commercial obsolescence factors applying to the brands which indicate that the life should be considered limited.

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; and
- 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 de-recognised 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, annual leave and long service leave.

A liability for employee benefits 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.

Typically, liabilities arising in respect of wages and salaries and 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.

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 34-40).

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 packages, Package 10 performance rights and the performance rights in Package 13 which have EPS and KPI performance hurdles, 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 Package 11, Package 12 and for the TSR performance hurdles in Package 13, 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 expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

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 \$Nil was recognised in the current year in respect of intangibles (2013: \$1,741,000). 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 arrangements

Under AASB11 *Joint Arrangements* Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather

than the legal structure of the joint arrangement. The Group has classified the investment set out in note 9 as a joint venture. Interests in joint ventures 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

	Consolidated	
	2014 \$'000	2013 \$'000
a) Total Transactional Value	1,140,363	1,166,090
<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) Profit before income tax expense		
<i>Includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the Group:</i>		
<i>(i) Operational and administration expenses</i>		
Credit card commission	11,142	12,148
Bank charges	458	618
Amortisation of IT Development Costs	4,193	2,349
Other amortisation	58	45
Web maintenance costs	10,884	11,059
Depreciation	3,500	3,889
Foreign exchange loss and currency conversion fees	623	1,176
Loss on disposal of property, plant & equipment	24	12
Rent and outgoings	1,112	659
Share-based payments expenses	115	454
Administration employment expenses including Directors' costs	6,805	4,316
Share of joint venture losses (note 9)	274	158
Impairment of trademarks and brand names (note 12(a))	-	1,741
Other expenses	4,379	3,065
Total	43,567	41,689
<i>(ii) Employee benefits expense</i>		
Wages and salaries (excluding IT development employees' wages and salaries capitalised)	29,915	26,505
Share-based payments expense	115	454
Total	30,030	26,959

4. INCOME TAX

	Consolidated	
	2014 \$'000	2013 \$'000
The major components of income tax expenses are:		
Income Statement		
<i>Current income tax</i>		
Current income tax charge	20,652	21,614
Adjustments in respect of current income tax of previous year	1,098	522
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	(378)	685
Relating to adjustments of deferred tax of previous year	(532)	(275)
Income tax expense reported in the Income Statement	20,840	22,546
Amounts charged or credited directly to equity		
<i>Deferred income tax related to items charged or credited directly to equity</i>		
Income tax expense reported in equity	35	136
Income tax expense reported in equity	35	136
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	64,024	73,583
At the Consolidated Entity's statutory income tax rate of 30%	19,207	22,075
Adjustments in respect of current income tax of previous years	1,098	522
Research and development concession deduction	(400)	(467)
Recognition of foreign tax losses	532	-
Foreign exchange and other translation adjustment	326	307
Foreign tax rate adjustment	(3)	(5)
Non-deductible amortisation	(11)	(9)
Other	56	(13)
Share-based payment expense	35	136
Income tax expense	20,840	22,546

	Statement of Financial Position		Income Statement	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Deferred income tax at 30 June relates to the following:				
<i>Deferred income tax liabilities</i>				
Interest accrued not received	22	34	(12)	26
Other	-	-	-	(7)
Brand names recognised in foreign subsidiary	2,155	2,155	-	(523)
Gross deferred tax liabilities	2,177	2,189		
Set off of deferred tax assets	-	-		
Net deferred tax liabilities	2,177	2,189		
<i>Deferred income tax asset</i>				
Tax losses	5,998	5,662	(336)	522
Accrued expenses	1,057	533	(524)	(58)
Provisions	942	715	(227)	(144)
Foreign exchange and other translation difference	312	501	189	(501)
Cash settled share-based payment	-	-	-	-
Gross deferred tax assets	8,309	7,411		
Set off of deferred tax liabilities	-	-		
Net deferred tax assets	8,309	7,411		
Deferred tax income/(expense)			(910)	(685)

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

	Consolidated	
	2014 \$'000	2013 \$'000
a) Dividend paid		
Final franked dividend for 2013: 11.5 cents (2012 final: 13.5 cents)	24,350	28,584
Interim franked dividend for 2014: 10.0 cents (2013 interim: 11.5 cents)	21,174	24,350
	45,524	52,934
b) Franking account balance		
The amount of franking credits available for the subsequent financial year are:		
▪ franking balance as at the end of the financial year at 30%	17,155	14,425
▪ franking that will arise from the payment of income tax as at the end of the period	5,177	5,978
	22,332	20,403
c) Dividends proposed and not recognised as a liability		
2014: No final franked dividend (2013: final dividend of 11.5 cents fully franked)	-	24,350
	-	24,350

As disclosed in note 31, the Directors of Wotif.com Holdings Limited announced that subsequent to year end, the Company has entered into a Scheme Implementation Agreement with the Expedia group under which it is proposed that Expedia will acquire 100% of the fully diluted share capital in Wotif Group by way of a Scheme of Arrangement.

If the Scheme is implemented, Wotif Group shareholders will receive total cash consideration of A\$3.30 per Wotif Group share comprising of:

- A\$3.06 cash per share; plus
- an A\$0.24 special dividend paid by Wotif Group on or before the Scheme implementation date, which is expected to be fully franked.

The Scheme is subject to certain customary conditions precedent including Wotif Group shareholder and court approval.

As the Scheme has not yet been approved at the date of this report, no provision has been made for the special dividend in the 30 June 2014 Financial Statements. In the event the scheme did not proceed, the Board will consider a final dividend in relation to the year ended 30 June 2014.

6. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated	
	2014 \$'000	2013 \$'000
Cash at bank	84,534	81,767
Short-term deposits	5,105	26,948
Client funds account	1,443	23,285
	91,082	132,000

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

7. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated	
	2014 \$'000	2013 \$'000
Trade debtors	6,557	9,288
Prepayments	1,866	1,563
	8,423	10,851

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 2014 and 30 June 2013 all trade receivables were aged within 0-30 days. No receivables were past due. Due to the short-term nature of these receivables, their carrying values approximate their fair values. The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security.

8. NON-CURRENT ASSETS – RECEIVABLES

	Consolidated	
	2014 \$'000	2013 \$'000
Loan to other parties, secured	143	149
	143	149

This loan bears interest at 8.5% p.a.

9. INTEREST IN JOINT VENTURE

Joint venture

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 in Vietnam which owns and operates the travel website iVIVU.com. The joint venture participants are entitled to share in the net assets of the joint venture in proportion to their ownership interest.

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

	Ownership interest		Carrying value of the investment	
	2014 %	2013 %	2014 \$'000	2013 \$'000
iVIVU Joint Venture	50%	50%	1,083	523
			2014 \$'000	2013 \$'000
Summarised statement of profit or loss of iVIVU Joint Venture				
Revenue			1,083	748
Cost of sales			918	655
Operating expenses			754	434
Other income			85	48
Interest received			10	2
Depreciation and amortisation			53	25
Profit/(loss) before tax			(547)	(316)
Income tax expense			-	-
Profit/(loss) after income tax			(547)	(316)
Group's share of profit/(loss) for the year			(274)	(158)
Summarised balance sheet of iVIVU Joint Venture				
Current assets, including cash and cash equivalents of \$2,209,549 (FY13: \$517,559)			2,292	952
Non-current assets			56	48
Total assets			2,348	1,000
Current liabilities			274	182
Total liabilities			274	182
Net assets			2,074	818
Reconciliation to carrying value:				
Groups' share of net assets			1,037	409
Currency translation differences			46	114
Carrying value at end of year			1,083	523

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

	Consolidated	
	2014 \$'000	2013 \$'000
Land and buildings		
Freehold land – at cost	2,300	2,300
Buildings – at cost	13,120	10,806
Less: accumulated depreciation	(3,237)	(2,309)
	12,183	10,797
Plant and equipment – at cost	21,879	20,745
Less: accumulated depreciation	(16,768)	(14,196)
	5,111	6,549
Total property, plant and equipment	17,294	17,346

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

	Freehold land \$'000	Freehold buildings \$'000	Plant & equipment \$'000	Total \$'000
Year ended 30 June 2014				
Balance at 1 July 2013	2,300	8,497	6,549	17,346
Additions	-	2,314	1,134	3,448
Depreciation	-	(928)	(2,572)	(3,500)
Balance at end of year	2,300	9,883	5,111	17,294
Year ended 30 June 2013				
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)
Balance at end of year	2,300	8,497	6,549	17,346

11. NON-CURRENT ASSETS – INVESTMENT PROPERTY

	Consolidated	
	2014 \$'000	2013 \$'000
Opening balance as at 1 July 2013	3,443	3,579
Depreciation	(120)	(136)
Disposal	(3,323)	-
Closing balance as at 30 June 2014	-	3,443

Reconciliation of net profit on investment property:

Rental income from investment property	160	311
Direct operating expenses (including repairs and maintenance) generating rental income	(17)	(98)
Net profit arising from investment property carried at cost	143	213

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

During the year, 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 recognized in the Income Statement as other income.

	Freehold land \$'000	Freehold buildings \$'000	Total \$'000
Year ended 30 June 2014			
Balance at 1 July 2013	790	2,653	3,443
Depreciation	-	(120)	(120)
Disposal	(790)	(2,533)	(3,323)
Balance at end of year	-	-	-

12. NON-CURRENT ASSETS – INTANGIBLE ASSETS AND GOODWILL

Consolidated	IT Development Costs	Trademark & brand names	Domain names	Customer contracts	Goodwill	System software	Total
Year Ended 30 June 2014	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2013 net of accumulated amortisation and impairment	8,543	21,320	107	-	65,313	76	95,359
Additions – internal development	7,229	-	-	-	-	-	7,229
Exchange differences	-	11	(1)	-	(1,698)	-	(1,688)
Amortisation	(4,193)	(13)	(22)	-	-	(23)	(4,251)
At 30 June 2014 net of accumulated amortisation and impairment	11,579	21,318	84	-	63,615	53	96,649
<i>At 30 June 2014</i>							
Cost (gross carrying amount)	43,246	23,091	316	690	63,615	188	131,146
Accumulated amortisation and impairment	(31,667)	(1,773)	(232)	(690)	-	(135)	(34,497)
Net carrying amount	11,579	21,318	84	-	63,615	53	96,649
Year Ended 30 June 2013							
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)
At 30 June 2013 net of accumulated amortisation and impairment	8,543	21,320	107	-	65,313	76	95,359
<i>At 30 June 2013</i>							
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)
Net carrying amount	8,543	21,320	107	-	65,313	76	95,359

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 previous 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 has decreased slightly from the prior year however, continues to 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:

	2014	2013
	\$'000	\$'000
Carrying amount of goodwill	63,615	65,313
Carrying amount of trademarks and brand names with indefinite lives	21,318	21,320

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 current year 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% (FY13: 11%). The equivalent pre-tax discount rate applied is 15.7% (FY13: 15.7%).

(iii) MARKET SHARE

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 the numerous projects behind the five-pillar business strategy announced in the 2013 Annual Report and continuing acceleration of diversified revenue streams away from a dependence on Australian domestic hotels, to flights and dynamic packaging. The impairment calculation has been prepared on the basis that Wotif will maintain market share based on the diversified revenue streams.

(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. Management has performed a base case assessment based on static growth from the current year. Static growth rate estimates used to support the carrying value of the assets are considered by management to be conservative and justified based on solid progress made during FY14 on delivering projects to support the Group's business strategies outlined in the 2013 Annual Report. These growth rates do not exceed the long-term average industry growth rates for the industry in which the Group operates.

For the purposes of assessing impairment, the growth rate used to calculate the terminal value beyond the 5 year period was 0% growth of all sales, cost of sales and transaction costs such as credit card fees, 0% growth of marketing and advertising costs and a flat 5% YoY increase in all other expenses. 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

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of goodwill and other indefinite life intangible assets 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 considers that a decline in site visitors to some brand name assets could be an indicator of impairment, however such a decline would have to be significant. On this basis, in FY13 management performed a value in use calculation and an impairment loss of \$1,741,000 was recognised during FY13 for some domains. Management considers indicators of impairment on an annual basis.

13. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated	
	2014 \$'000	2013 \$'000
Amounts due in relation to bookings made	38,923	82,569
Trade creditors and accruals	25,299	11,938
Unearned revenue	6,918	8,569
Deposits received not yet due	45,432	53,486
	116,572	156,562

During the year, the Group entered into an agreement for an unsecured transaction processing facility. As at 30 June 2014 the Group was in compliance with the term of the facility agreement, with the amount drawn against this facility being recognised in the trade creditors and accruals balance in the note above.

14. INTEREST-BEARING LIABILITIES

	Consolidated	
	2014 \$'000	2013 \$'000
Non-current		
Redeemable preference shares (see note 20)	102	112
	102	112

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 (FY13: \$15 million). The facility is secured by a fixed and floating charge over the assets of the Group. As at 30 June 2014, no funds stood drawn under this facility and the Group was in compliance with all of the covenants.

15. PROVISIONS

	Consolidated	
	2014 \$'000	2013 \$'000
Current		
Employee benefits	2,226	1,790
Make good provision	-	70
	2,226	1,860
Non-current		
Employee benefits	687	483
Make good provision	150	-
	837	483

Make good provision

At the termination of the lease of office premises, a subsidiary of the Group has an obligation to yield up the premises to the lessor, in good and substantial repair and condition, having regard to the condition at the date the Company took possession thereof.

16. CONTRIBUTED EQUITY

	Consolidated	
	2014 \$'000	2013 \$'000
211,736,244 (2013: 211,736,244) fully paid ordinary shares	30,001	30,001

	Consolidated	
	Shares	\$'000
Movement in ordinary shares on issue		
At 1 July 2012	211,736,244	30,001
Employee options exercised	-	-
At 30 June 2013	211,736,244	30,001
Employee options exercised	-	-
At 30 June 2014	211,736,244	30,001

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceedings on winding up the company in the proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

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 FY14, dividends of \$45,524,000 (FY13: \$52,934,000) were paid. The Company's stated dividend policy is to generally maintain a payout ratio of 80%-90% of profit after tax.

A special dividend of 0.24 cents will be paid under the Scheme Implementation Agreement with the Expedia group. In the event the scheme did not proceed, the Board will consider a final dividend in relation to the year ended 30 June 2014.

17. RESERVES

	Consolidated	
	2014 \$'000	2013 \$'000
Foreign currency translation reserve		
Balance at the beginning of the year	(323)	(3,318)
Currency translation differences	(1,772)	2,995
Balance at end of year	(2,095)	(323)
Employee equity benefits reserve		
Balance at the beginning of the year	5,587	5,269
Share-based payment	115	454
Deferred tax	(35)	(136)
Balance at end of year	5,667	5,587
Total Reserves	3,572	5,264

18. RELATED PARTY DISCLOSURES

Other related party transactions

MARKETING FEE

During the year ended 30 June 2014, marketing services have been provided by a company related to G T Wood (a Director). That company, Ollewood Pty Ltd, received \$43,600 (FY13: \$43,600) from the Group based on normal commercial terms.

HOLIDAY RENTAL PROPERTY LISTING

During the year ended 30 June 2014, 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. 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 bookings of this property during the year to 30 August 2013 was \$85 (FY13: \$326). The revenue earned by R A C Brice in relation to these bookings was \$688 (FY13: \$2,829).

DIRECTOR'S INTERESTS

David 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

	Consolidated	
	2014 \$'000	2013 \$'000
a) Reconciliation of the net profit to the net cash flows from operations:		
Net profit	43,184	51,037
Depreciation of non-current assets	3,500	3,889
Amortisation of non-current assets	4,251	2,394
Share of joint venture losses	274	158
Net loss on disposal of property, plant and equipment	24	12
Profit on sale of investment property	(816)	-
Net exchange differences	(852)	(1,502)
Share-based payments expense	115	454
Impairment of trademarks and brand names	-	1,741
Changes in assets and liabilities net of effect from acquisition of controlled entities:		
Increase in provisions	720	297
Decrease/(Increase) in trade receivables and prepayments	2,433	(2,375)
Decrease in trade creditors and accruals	(40,040)	(1,507)
Decrease in income tax payable	(801)	(1,756)
Decrease in deferred tax liabilities	(12)	(498)
Increase in deferred tax asset	(898)	(189)
Net cash flows from operating activities	11,082	52,155
b) Reconciliation of cash		
Cash at bank	85,977	105,052
Term deposits at call	5,105	26,948
	91,082	132,000

The Group's cash balance of \$91.1m is down \$40.9m from 30 June 2013. This variance almost entirely relates to a \$36.1 million decrease in hotel creditors arising from the implementation of 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 is overall EBIT-positive taking into account reduced cash, reduced interest income, improved payment efficiencies and commercial arrangements with the VCC provider.

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	
			2014	2013
Wotif.com Pty Ltd*	Australia	Ordinary	100%	100%
Standby Holdings Pty Ltd	Australia	Ordinary	100%	100%
Wotif.com Limited	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) Limited	New Zealand	Ordinary	100%	100%
Wotif.com Share Administration Pty Ltd (as trustee for the Wotif.com Share Trust)	Australia	Ordinary	100%	100%
Go Do Pty Ltd*	Australia	Ordinary	100%	100%
A.C.N 079 010 772 Pty Ltd. (formerly travel.com.au Limited) and its subsidiaries:	Australia	Ordinary	100%	100%
- Lastminute.com.au Pty Limited*	Australia	Ordinary	100%	100%
- Arnold Travel Technology Pty Limited*	Australia	Ordinary	100%	100%
- Travelmax Pty Ltd (formerly The Travel Specialists Pty Limited)	Australia	Ordinary	100%	100%
- Travel.com.au Pty Ltd (formerly iExplore.com.au Pty Ltd)	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 (deregistered in FY14)	Singapore	Ordinary	-	100%
- AWD-BT Limited** and its subsidiaries:	Thailand	Ordinary	100%	100%
. Asia Web Direct Co., Ltd.	Thailand	Ordinary	100%	100%
. Phuket Dot Com Ltd.	Thailand	Ordinary	100%	100%
. Andaman Graphics Co., Ltd.	Thailand	Ordinary	100%	100%
. LateStays Co., Ltd. (formerly E.T.C. Asia Co., Ltd.)	Thailand	Ordinary	100%	100%
Asia Web Direct Tours & Activities Co., Ltd.***	Thailand	Ordinary	49%	49%

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

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

*** Balance of ordinary shares was 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 therefore providing Wotif.com Holdings Limited with ultimate control of this entity.

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, 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 by an Assumption Deed dated 10 June 2010.

Under ASIC Class Order 98/1418 the subsidiaries in the closed group of companies that are parties to the Deed are eligible to be relieved from the requirement under the *Corporations Act 2001* to prepare and lodge individual audited financial statements and individual director's reports. That relief has been taken. The above companies represent a "Closed Group" for the purposes of the Class Order and, as there are no other parties to the Deed that are controlled by Wotif.com Holdings Limited, they also represent the "Extended Closed Group".

The effect of the Deed is that Wotif.com Holdings Limited has guaranteed to pay any deficiency in the event of winding up of either the controlled entity or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entities have given a similar guarantee in the event that Wotif.com Holdings Limited is wound up or does not meet its obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee.

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

Income Statement

	Closed Group	Closed Group
	2014	2013
	\$'000	\$'000
Revenue		
Accommodation revenue	126,358	122,977
Flights and Other revenue	15,885	13,232
Interest received and receivable	2,761	4,535
Total revenue	145,004	140,744
Other income		
Profit on sale of investment property	816	-
Total other income	816	-
Expenses		
Advertising and marketing expenses	28,973	18,241
Business development expenses	9,085	8,711
Operations and administration expenses	38,553	32,998
Total expenses	76,611	59,950
Profit before income tax	69,209	80,794
Income tax expense	21,331	26,834
Profit for the year	47,878	53,960

Statement of Comprehensive Income

	Closed Group	Closed Group
	2014	2013
	\$'000	\$'000
Profit for the year	47,878	53,960
Other comprehensive income		
Other comprehensive income for the year, net of tax	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	47,878	53,960

Statement of Financial Position

	Closed Group	Closed Group
	2014	2013
	\$'000	\$'000
CURRENT ASSETS		
Cash and cash equivalents	83,123	123,233
Trade and other receivables	9,737	9,773
TOTAL CURRENT ASSETS	92,860	133,006
NON-CURRENT ASSETS		
Receivables	143	149
Investments in controlled entities	37,353	36,793
Property, plant and equipment	16,385	16,149
Investment property	-	3,443
Deferred tax assets	7,538	7,333
Intangible assets and goodwill	68,141	65,088
TOTAL NON-CURRENT ASSETS	129,560	128,955
TOTAL ASSETS	222,420	261,961
CURRENT LIABILITIES		
Trade and other payables	114,105	154,041
Income tax payable	5,180	6,168
Provisions	2,034	1,659
TOTAL CURRENT LIABILITIES	121,319	161,868
NON-CURRENT LIABILITIES		
Deferred income tax	2,177	2,178
Provisions	837	553
TOTAL NON-CURRENT LIABILITIES	3,014	2,731
TOTAL LIABILITIES	124,333	164,599
NET ASSETS	98,087	97,362
EQUITY		
Contributed equity	30,001	30,001
Retained earnings	64,293	61,939
Reserves	3,793	5,422
TOTAL EQUITY	98,087	97,362

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments are cash and short-term payables. 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.

Recognised fair value measurement

FAIR VALUES

Set out below is a comparison of the carrying amounts and fair values of financial instruments at year end:

	Consolidated		Consolidated	
	Carrying amount 2014 \$'000	Fair value 2014 \$'000	Carrying amount 2013 \$'000	Fair value 2013 \$'000
FINANCIAL ASSETS				
Cash and cash equivalents	91,082	91,082	132,000	132,000
Trade and other receivables	6,344	6,344	8,963	8,963
TOTAL CURRENT	97,426	97,426	140,963	140,963
Receivables	143	143	149	149
TOTAL NON-CURRENT	143	143	149	149
TOTAL FINANCIAL ASSETS	97,569	97,569	141,112	141,112
FINANCIAL LIABILITIES				
Trade and other payables	109,653	109,653	147,993	147,993
TOTAL CURRENT	109,653	109,653	147,993	147,993
Interest-bearing loans and borrowings	102	102	112	112
TOTAL NON-CURRENT	102	102	112	112
TOTAL FINANCIAL LIABILITIES	109,755	109,755	148,105	148,105

FAIR VALUE HIERARCHY

The fair values of all financial assets and liabilities equal or approximate the carrying values.

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 2014 the Group had the following exposures to interest rate risk that are not designated in cash flow hedges:

	2014 \$'000	2013 \$'000
Cash and cash equivalents	91,082	132,000
Net exposure	91,082	132,000

At 30 June 2014, 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 \$638,000 (FY13: \$924,000) higher/lower as a result of higher/lower income from cash and cash equivalents.

	Post tax profit Higher/(lower)		Equity Higher/(lower)	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Consolidated				
+1% (100 basis points)	638	924	638	924
-1% (100 basis points)	(638)	(924)	(638)	(924)

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

Expressed in Australian dollars, the Group had the following significant exposure to foreign currencies at the end of the reporting period that are not designated in cash flow hedges:

	30 June 2014			30 June 2013		
	NZD \$'000	USD \$'000	THB \$'000	NZD \$'000	USD \$'000	THB \$'000
FINANCIAL ASSETS						
Cash and cash equivalents	10,311	2,711	2,837	7,269	1,116	1,676
Trade and other receivables	54	58	595	549	239	316
	10,365	2,769	3,432	7,818	1,355	1,992
FINANCIAL LIABILITIES						
Trade and other payables	2,248	3,780	2,168	8,356	5,082	2,137
Interest-bearing liabilities	-	-	108	-	-	97
	2,248	3,780	2,276	8,356	5,082	2,234
NET EXPOSURE	8,117	1,011	1,156	(538)	(3,727)	(242)

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 86% (FY13: 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.

The following table demonstrates the sensitivity of pre-tax profit and equity to a reasonable possible change in NZD, USD and THB exchange rates, with all other variables held constant. The Group's exposure to foreign currency changes in all other currencies is not material.

	Effect on profit before tax		Effect on equity	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Change in NZD rate – increase 5%	183	(90)	(380)	54
Change in NZD rate – decrease 5%	(202)	100	420	(60)
Change in NZD rate – increase 10%	349	(172)	(726)	104
Change in NZD rate – decrease 10%	(427)	211	887	(127)
Change in USD rate – increase 5%	135	(74)	50	128
Change in USD rate – decrease 5%	(149)	82	(55)	(142)
Change in USD rate – increase 10%	257	(142)	95	245
Change in USD rate – decrease 10%	(314)	174	(117)	(299)
Change in THB rate – increase 5%	6	(72)	(112)	14
Change in THB rate – decrease 5%	(6)	80	(214)	(16)
Change in THB rate – increase 10%	11	(137)	124	27
Change in THB rate – decrease 10%	(13)	168	262	(33)

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 2014. 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).

	Less than 6 months	6-12 months	Between 1-2 years	More than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated					
Year ended 30 June 2014					
Liquid financial assets					
Cash and cash equivalents	91,082	-	-	-	91,082
Trade and other receivables	6,344	-	-	143	6,487
	97,426	-	-	143	97,569
Financial liabilities					
Trade and other payables	109,653	-	-	-	109,653
Interest-bearing loans and borrowings	-	-	-	102	102
	109,653	-	-	102	109,755
Net inflow/(outflow)	(12,227)	-	-	41	(12,186)

	Less than 6 months	6-12 months	Between 1-2 years	More than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated					
Year ended 30 June 2013					
Liquid financial assets					
Cash and cash equivalents	132,000	-	-	-	132,000
Trade and other receivables	8,963	-	-	149	9,112
	140,963	-	-	149	141,112
Financial liabilities					
Trade and other payables	147,993	-	-	-	147,993
Interest-bearing loans and borrowings	-	-	-	112	112
	147,993	-	-	112	148,105
Net inflow/(outflow)	(7,030)	-	-	37	(6,993)

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 KMP are the Chief Operating Decision Makers of the Group. 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, 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 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

REVENUE	Australia/ New Zealand	Asia	Rest of World	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2014					
Accommodation	118,849	8,160	2,292	-	129,301
Flights and Other	16,574	1,622	764	(1,399)	17,561
Interest revenue	2,762	71	-	-	2,833
Total revenue	138,185	9,853	3,056	(1,399)	149,695
Year ended 30 June 2013					
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
Total revenue	134,302	10,512	2,716	(882)	146,648

24. EARNINGS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted earnings per share

Profit for the year

Consolidated	
2014 \$'000	2013 \$'000
43,184	51,037

Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share

Effect of dilution

Share options

Weighted average number of ordinary shares used in the calculation of diluted earnings per share

Number of Shares	
2014	2013
211,736,244	211,736,244
1,322,462	1,136,855
213,058,706	212,873,099

25. AUDITOR'S REMUNERATION

Amounts received or due and receivable by the auditors of the Consolidated Entity for:

	Consolidated	
	2014 \$	2013 \$
- an audit or review of the financial statements of the entity and any other entity in the Consolidated Entity by Ernst & Young (Australia)	338,709	274,650
- an audit or review of the financial statements of the entity and any other entity in the Consolidated Entity by a related practice of Ernst & Young (Australia)	68,439	70,056
- an audit or review of the financial statements of the entity and any other entity in the Consolidated Entity by a firm other than Ernst & Young	10,445	11,827
- other services in relation to the entity and any other entity in the Consolidated Entity by Ernst & Young (Australia)	4,369	3,879
	421,962	360,412

26. CONTINGENT LIABILITIES

At reporting date, the Consolidated Entity had a bank guarantee facility of \$2,300,000 (FY13: \$2,300,000). There are bank guarantees in respect of the lease of offices for an amount of \$336,305 (FY13: \$507,978).

The Consolidated Entity also had purchasing card and direct debit facilities of \$670,000 (FY13: \$670,000).

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 \$32,014 per month (excluding GST) continuing until June 2015 (FY13: \$24,500).

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

	Consolidated	
	2014	2013
	\$'000	\$'000
Operating lease commitments – Group as lessee		
Future non-cancellable operating lease commitments not provided for in the financial statements and payable:		
- not later than 1 year	975	1,455
- later than 1 year but not later than 5 years	1,950	2,831
- later than 5 years	-	-
	2,925	4,286

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.

Operating lease commitments – Group as lessor

The Group entered into commercial property leases on premises consisting of the Group's surplus office buildings. The lease ended during the current financial year.

	2014	2013
	\$'000	\$'000
- not later than 1 year	-	320
- later than 1 year but not later than 5 years	-	-
- later than 5 years	-	-
	-	320

28. KEY MANAGEMENT PERSONNEL

Details of KMP

1. DIRECTORS

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

Chairman – Non-executive

R D McIlwain

Executive Director

S Blume, Managing Director and Group Chief Executive Officer (appointed as CEO 21 January 2013, appointed as Managing Director 2 September 2013)

Non-executive Directors

G T Wood

R A C Brice (resigned 30 August 2013)

A B R Smith

K J Gaffney

D Do

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:

Name	Position	Employer
G R Timm	Chief Financial Officer	Wotif.com Pty Ltd
D F Barnes	Chief Commercial Officer	Wotif.com Pty Ltd
J M Sutherland	Chief Information Officer	Wotif.com Pty Ltd
S P Simmons ³	Head of Corporate Development, General Counsel and Company Secretary	Wotif.com Pty Ltd
H Demetriou	Executive General Manager Flights & Packages	Wotif.com Pty Ltd
O Dombey ¹	Executive General Manager Asia	Wotif.com Pte Ltd
D B Finch ²	Executive General Manager Asia	Asia Web Direct Co., Ltd.

1. O Dombey resigned on 1 November 2013

2. D B Finch was appointed on 4 November 2013

3. S P Simmons commenced employment with the Group on 2 June 2008 as General Counsel. He is regarded as KMP from 1 July 2013 due to his additional and broader responsibilities for Corporate Development.

Compensation of KMP

	Consolidated	
	2014 \$	2013 \$
Short-term employee benefits	3,115,085	2,517,014
Post-employment benefits	167,934	154,287
Other long-term benefits	44,603	21,596
Share-based payment*	855,451	79,892
	4,183,073	2,772,789

* refer Remuneration Report pages 26-42

29. SHARE-BASED PAYMENT PLANS

a) Recognised share-based payment expenses

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

	Consolidated	
	2014 \$'000	2013 \$'000
Options and performance rights issued under the Executive Share Option Plan *	115	454
Shares issued under Employee Share Plan	-	-
	115	454

* FY14 charge is net of the calculated reduction (per AASB 2 *Share-based Payment*) in options expense due to adjustments 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 13. The Monte Carlo model simulates the TSR and compares it against a specified basket of seven 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 2014:

	Package 5 Options	Package 6 Options	Package 7 Options	Package 9 Options	Package 10 Performance Rights	Package 11 Performance Rights EPS Rights (1)	Package 11 Performance Rights TSR Rights (1)
Number of options granted	1,815,000	1,468,000	872,500	935,000	260,100	213,750	71,250
Grant date	4 Jul 2008	30 Jun 2009	3 Sept 2010	3 Oct 2011	23 Oct 2012	28 May 2013	28 May 2013
Share price	NA	NA	NA	NA	\$4.90	\$5.50	\$5.50
Exercise price	\$2.92	\$4.43	\$4.43	\$4.03	Nil	Nil	Nil
Number of options per tranche	3 tranches 1st:603,987 2nd:604,002 3rd:607,011	3 tranches 1st:489,307 2nd:489,339 3rd:489,354	3 tranches 1st:290,831 2nd:290,832 3rd:290,837	3 tranches 1st:311,666 2nd:311,667 3rd:311,667	3 equal tranches	3 equal tranches	3 equal tranches
<i>Vesting dates and fair value</i>							
Tranche 1	1 Nov 2011 \$0.693	1 Nov 2012 \$1.44	1 Nov 2013 \$0.94	1 Nov 2014 \$0.7389	1 Nov 2015 \$4.2303	28 Feb 2014 \$5.3023	28 Feb 2014 \$3.0537
Tranche 2	1 Nov 2012 \$0.699	1 Nov 2013 \$1.48	1 Nov 2014 \$1.02	1 Nov 2015 \$0.7408	1 Nov 2016 \$4.0297	28 Feb 2015 \$5.0511	28 Feb 2015 \$2.7259
Tranche 3	1 Nov 2013 \$0.6972	1 Nov 2014 \$1.51	1 Nov 2015 \$1.07	1 Nov 2016 \$0.7335	1 Nov 2017 \$3.8381	28 Feb 2016 \$4.8117	28 Feb 2016 \$2.2250
Lapsing date	31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016	31 Dec 2019	30 Jun 2016	30 Jun 2016

	Package 12 Performance Rights EPS Rights (2)	Package 12 Performance Rights TSR Rights (2)	Package 13 Performance Rights EPS Rights (3)(5)	Package 13 Performance Rights TSR Rights (3)(5)	Package 13 Performance Rights KPI Rights (3)(5)	Package 13 Performance Rights EPS Rights (4)(5)	Package 13 Performance Rights KPI Rights (4)(5)
Number of performance rights granted	123,750	41,250	495,678	101,242	63,985	21,868	7,289
Grant date	28 May 2013	28 May 2013	31 Oct 2013	31 Oct 2013	31 Oct 2013	7 March 2014	7 March 2014
Share price	\$5.50	\$5.50	\$4.44	\$4.44	\$4.44	\$2.40	\$2.40
Exercise price	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Number of performance rights per tranche	3 equal tranches	3 equal tranches	3 tranches 1st:200,863 2nd:147,410 3rd:147,405	3 tranches 1st:40,497 2nd:30,373 3rd:30,372	3 tranches 1st:26,458 2nd:18,764 3rd:18,763	3 tranches 1st:8,099 2nd:6,885 3rd:6,884	3 tranches 1st:2,700 2nd:2,295 3rd:2,294
<i>Vesting dates and fair value</i>							
Tranche 1	28 Feb 2016 \$4.8117	28 Feb 2016 \$3.0495	28 Feb 2016 \$3.7981	28 Feb 2016 \$1.8726	28 Feb 2016 \$3.7981	28 Feb 2016 \$2.0922	28 Feb 2016 \$2.0922
Tranche 2	28 Feb 2017 \$4.5837	28 Feb 2017 \$2.7243	28 Feb 2017 \$3.6001	28 Feb 2017 \$2.3813	28 Feb 2017 \$3.6001	28 Feb 2017 \$1.9831	28 Feb 2017 \$1.9831
Tranche 3	28 Feb 2018 \$4.3665	28 Feb 2018 \$2.3414	28 Feb 2018 \$3.4124	28 Feb 2018 \$2.3439	28 Feb 2018 \$3.4124	28 Feb 2018 \$1.8797	28 Feb 2018 \$1.8797
Lapsing date	30 Jun 2018	30 Jun 2018	31 Dec 2020	31 Dec 2020	31 Dec 2020	31 Dec 2020	31 Dec 2020

- (1) 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).
- (2) 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).
- (3) Package 13 issued 31 October 2013 totals 660,905 performance rights and is comprised of 3 components, being 495,678 rights using Earnings Per Share as a performance measure (EPS Rights), 101,242 rights using Total Shareholder Return as a performance measure (TSR Rights) and 63,985 rights using Key Performance Indicators as performance measure (KPI Rights).
- (4) A further 29,157 Package 13 performance rights were granted on 7 March 2014, being 21,868 rights using Earnings Per Share as a performance measure (EPS Rights) and 7,289 rights using Key Performance Indicators as performance measure (KPI Rights).
- (5) The valuation model for Package 13 included an annualised volatility of 32.5%, annual dividend yield of 5.5% and a risk free rate of 2.95% to 3.40%.

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

	Performance criteria for each tranche
Package 5	Achieving compound annual earnings per share growth of 15% over FY2008 earnings per share.
Package 6	Achieving compound annual earnings per share growth of 10% over FY2009 earnings per share.
Package 7	Achieving compound annual earnings per share growth of 10% over FY2010 earnings per share.
Package 9	Achieving compound annual earnings per share growth of 7.5% over FY2011 earnings per share.
Package 10	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%.
Package 11	<ul style="list-style-type: none"> ▪ 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 ▪ 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 Helloworld Limited (previously Jetset Travelworld Limited) for the 2013 calendar year and thereafter on a cumulative average basis until the 2015 calendar year.
Package 12	<ul style="list-style-type: none"> ▪ 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 year with the number of intervening years increased to four and five years respectively; and ▪ 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 Helloworld Limited (previously Jetset Travelworld Limited) (the "TSR Basket") for the corresponding three year period. Thereafter the criterion is measured for the 2016 and 2017 calendar year with the number of intervening years increased to four and five years respectively.
Package 13 (75% EPS portion)	<ul style="list-style-type: none"> ▪ Maximum EPS portion: The Performance Criteria ("Maximum EPS Hurdles") that must be satisfied in order for all of the EPS Portion of Performance Rights in a tranche to be exercised are as follows: Tranche 1 - the Company's FY14 EPS must meet or exceed the EPS achieved in FY13 uplifted by 7.5%. Tranches 2 and 3 require the same EPS Hurdles (7.5% uplift) to be achieved cumulatively for each of the three intervening calendar years. Minimum EPS portion: The Performance Criteria ("Minimum EPS Hurdles") that must be satisfied in order for 50% or more of the EPS Portion (calculated on a pro rata basis of the Maximum Hurdle) to be exercised are as follows: Tranche 1 - the Company's FY14 EPS must meet or exceed the EPS achieved in FY13 uplifted by 5%. Tranches 2 and 3 require the same EPS Hurdles (5% uplift) to be achieved cumulatively for each of the three intervening calendar years.
Package 13 (25% TSR portion)	<p>In addition to the EPS hurdle, some performance rights included a 25% TSR component with vesting conditions as follows:</p> <ul style="list-style-type: none"> ▪ Maximum TSR portion: The Performance Criteria ("Maximum TSR Hurdles") that must be satisfied in order for all of the TSR Portion of Performance Rights in a tranche to be exercised are as follows: Tranche 1 - the Company's TSR for FY14 must meet or exceed the 75th percentile of the TSR for the TSR Basket achieved for FY14. Tranches 2 and 3 require the same 75th percentile TSR Hurdles in the FY15 and FY16 years. ▪ Minimum TSR portion: The Performance Criteria ("Minimum TSR Hurdles") that must be satisfied in order for 75% or more of the TSR Portion (calculated on a pro rata basis of the Maximum TSR Hurdle) to be exercised are as follows: Tranche 1 - the Company's TSR for FY14 must meet or exceed the average of the TSR Basket achieved for FY14. Tranches 2 and 3 require the same TSR Hurdles in the FY15 and FY16 years.
Package 13 (25% KPI portion)	<p>In addition to the EPS hurdle, some performance rights included a 25% KPI component with vesting conditions as follows:</p> <ul style="list-style-type: none"> • Maximum KPI portion: The Performance Criteria ("Maximum KPI Hurdles") that must be satisfied in order for all of the KPI Portion of Performance Rights in a tranche to be exercised are as follows: Tranche 1 - the stretch target KPI must be met or exceeded for FY14. Tranches 2 and 3 require the same stretch target KPI Hurdles in the FY15 and FY16 years. ▪ Minimum KPI portion: The Performance Criteria ("Minimum KPI Hurdles") that must be satisfied in order for 75% or more of the KPI Portion (calculated on a pro rata basis of the Maximum KPI Hurdle) to be exercised are as follows: Tranche 1 - the base target KPI must be met or exceeded for FY14. Tranches 2 and 3 require the based KPI to be met or exceeded in the FY2015 and FY16 years. ▪ All Package 13 performance rights include a catch up provision, whereby if a Maximum or Minimum EPS, TSR or KPI Hurdle for a tranche portion is not met at the vesting date, but the Maximum or Minimum EPS, TSR or KPI Hurdle is met on a cumulative basis over the catch-up period for that tranche portion, then the tranche portion with the earlier vesting date will vest on the vesting date immediately following the catch up period as if the relevant applicable Maximum or Minimum EPS, TSR or KPI Hurdles had been met.

The KPI Measures for Package 13 have been structured based on the KMP's individual responsibilities to ensure that the measures are closely aligned to business performance and are designed to:

- Deliver group performance improvements in line with the strategic plan;
- Provide rewards subject to the achievement of rigorous targets; and
- Align individual objectives to Group and business specific objectives.

The following financial and non-financial components constitute the key result areas of the KPI Measures:

- Performance to budget for the relevant division; or
- Operational performance targets.

The performance to budget targets varies for each individual dependent on their role. Examples of such components could include achieving product sales budgets (this may include a mix of TTV, revenue or volumes) and managing operating costs within budget.

The operational performance targets vary for each individual dependent on their role. Examples of such components could include increasing conversion rates, producing SEO content or designing new key features for Group sites.

All targets are set at the beginning of the financial year and are designed to deliver results in line with the Group's overall strategic plan. This results in each eligible employee having a KPI measure that is directly linked to their individual annual business objectives.

The CEO reviews annually the ongoing appropriateness of the measures including performance measures, weighting of the measures and assessment of performance.

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. However 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.

As disclosed in note 31, the Company has entered into a Scheme Implementation Agreement with the Expedia group under which it is proposed that Expedia will acquire 100% of the fully diluted share capital in Wotif Group by way of a Scheme of Arrangement. The cash consideration per share is A\$3.06.

Upon the implementation of the Scheme, the unvested options packages will be cancelled as the exercise price for each of the options packages exceeds the cash consideration per share of A\$3.06. The performance rights packages may vest upon the Scheme implementation date as the exercise price for each of the performance rights packages is below the cash consideration per share of A\$3.06.

The Scheme implementation date is anticipated to occur in October 2014.

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
FY14						
Package 5	760,000	-	-	(760,000)	-	-
Package 6	716,000	-	-	(127,000)	589,000	-
Package 7	312,500	-	-	(22,500)	290,000	-
Package 9	689,000	-	-	(72,000)	617,000	-
Package 10	211,800	-	-	(29,400)	182,400	-
Package 11	285,000	-	-	-	285,000	-
Package 12	165,000	-	-	-	165,000	-
Package 13	-	690,062	-	-	690,062	-
Total	3,139,300	690,062	-	(1,010,900)	2,818,462	-
Weighted average exercise price	\$3.04	Nil	-	\$3.14	\$2.26	-
FY13						
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	-
Total	4,275,500	710,100	-	(1,846,300)	3,139,300	-
Weighted average exercise price	\$4.03	Nil	-	\$4.17	\$3.04	-

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

a) Summary financial information

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

	2014 \$'000	2013 \$'000
Statement of Financial Position		
Current assets	194	341
Total assets	120,440	121,235
Current liabilities	5,177	5,978
Total liabilities	30,207	85,143
Shareholders' Equity		
Issued capital	30,001	30,001
Employee equity benefit reserve	5,667	5,587
Retained earnings	54,565	504
	90,233	36,092
Profit for the year		
	99,589	52,445
Total comprehensive income	99,589	52,445

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 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 7 July 2014, the Directors of Wotif.com Holdings Limited announced that subsequent to year end, the Company has entered into a Scheme Implementation Agreement with the Expedia group under which it is proposed that Expedia will acquire 100% of the fully diluted share capital in Wotif Group by way of a Scheme of Arrangement.

If the Scheme is implemented, Wotif Group shareholders will receive total cash consideration of A\$3.30 per Wotif Group share comprising of:

- A\$3.06 cash per share; plus
- an A\$0.24 special dividend paid by Wotif Group on or before the Scheme implementation date, which is expected to be fully franked.

The Scheme is subject to certain customary conditions precedent including Wotif Group shareholder and court approval. The Scheme is not conditional on further due diligence.

Upon the implementation of the Scheme, the unvested options packages will be cancelled as the exercise price for each of the options packages exceeds the cash consideration per share of A\$3.06. The performance rights packages may vest upon the Scheme implementation date as the exercise price for each of the performance rights packages is below the cash consideration per share of A\$3.06.

The Scheme implementation date is anticipated to occur in October 2014.

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 12 August 2014, 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 2014 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 2014 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 2014.

On behalf of the Board



R D McIlwain
Chairman
12 August 2014

INDEPENDENT AUDITOR'S REPORT



Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

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 2014, 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.

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INDEPENDENT AUDITOR'S 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 2014 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 2014. 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 2014, complies with section 300A of the *Corporations Act 2001*.

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

Ernst & Young

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

Alison de Groot
Partner
Brisbane
12 August 2014

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SHAREHOLDER INFORMATION

Top 20 Shareholders

At 25 July 2014, 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	41,861,000	19.77
2.	R & J Brice & JDB Services P/L	28,000,000	13.22
3.	National Nominees Limited	18,855,647	8.91
4.	J P Morgan Nominees Australia Limited	18,708,306	8.84
5.	HSBC Custody Nominees (Australia) Limited	18,513,352	8.74
6.	UBS Wealth Management Australia Nominees Pty Ltd	12,806,205	6.05
7.	BNP Paribas Noms Pty Ltd	11,313,522	5.34
8.	Citicorp Nominees Pty Limited	10,629,136	5.02
9.	UQ Endowment Fund Ltd	5,800,000	2.74
10.	Ms Anna Creeth Cottell	4,002,000	1.89
11.	National Nominees Limited	1,669,053	0.79
12.	Citicorp Nominees Pty Limited	1,515,900	0.72
13.	RBC Investor Services Australia Nominees Pty Limited	847,260	0.40
14.	HSBC Custody Nominees (Australia) Limited	631,771	0.30
15.	Ecapital Nominees Pty Limited	631,350	0.30
16.	Dick McIlwain	600,000	0.28
17.	UBS Nominees Pty Ltd	500,000	0.24
18.	Neale Edwards Pty Ltd	496,000	0.23
19.	ABN AMRO Clearing Sydney Nominees Pty Ltd	480,735	0.23
20.	Equitas Nominees Pty Limited	449,144	0.20
	TOTAL	178,310,381	84.21

SUBSTANTIAL SHAREHOLDERS

At 25 July 2014, the following entries were contained in the register of substantial shareholdings with respect to the Company's ordinary shares:

Shareholdings	Number of ordinary shares
Expedia, Inc. (by notice dated 5 July 2014). Relevant interest arises by virtue of capitalised call option deeds dated 5 July 2014 entered into by Expedia Australia Investments Pty Ltd, Expedia Inc. and others	42,135,514
Sumitomo Mitsui Trust Holdings, Inc. (by notice (per most recent time they became a substantial holder) dated 25 June 2013, last updated 22 May 2014)	13,957,982
Lazard Asset Management Pacific Co. (by notice dated 12 February 2014, last updated 23 April 2014)	13,917,550
G T Wood (by notice dated 7 June 2006, last updated 30 October 2013)	41,861,000
R A C Brice (by notice dated 7 June 2006, last updated 19 December 2012)	33,000,000

DISTRIBUTION OF SHAREHOLDINGS

(as at 25 July 2014)

Range	Number of holders of ordinary shares	Percentage of holders	Number of shares	Percentage of shares
1 - 1,000	3,428	41.94%	1,768,389	0.84%
1,001 - 5,000	3,406	41.67%	9,045,575	4.27%
5,001 - 10,000	789	9.65%	6,117,394	2.89%
10,001 - 50,000	457	5.59%	9,287,841	4.39%
50,001 - 100,000	43	0.53%	3,161,641	1.49%
100,001 - 500,000	30	0.37%	6,194,402	2.93%
500,001 and over	20	0.24%	176,161,002	83.20%
Rounding		0.01%		-0.01%
Total	8,173	100.00%	211,736,244	100.00%

HOLDERS OF NON-MARKETABLE PARCELS

As at 25 July 2014, there were 496 shareholders with less than a marketable parcel of the Company's shares (namely 150 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.

CORPORATE DIRECTORY

Registered Office

Wotif.com Holdings Limited
7 Baroona Road
Milton Qld 4064
Telephone: (07) 3512 9965
Facsimile: (07) 3512 9914

Company Secretariat

S Simmons (Company Secretary)

Share Registry

Computershare Investor Services Pty Limited
GPO Box 523
Brisbane Qld 4001
Telephone: 1300 552 270

Auditor

Ernst & Young
Level 51
One One One
111 Eagle Street
Brisbane Qld 4000

Corporate Directory

Key dates*

Financial year end **30 June 2014**

Announcement of audited results and dividend to ASX **12 August 2014**

Dividend record date **As set out in Scheme Booklet****

Dividend payment (final) **As set out in Scheme Booklet ****

Annual General Meeting **To be advised, pending outcome of Scheme Implementation Agreement**

* Dates may be subject to change.

** A special dividend will be paid under the Scheme Implementation Agreement with the Expedia group. In the event the scheme did not proceed, the Board will consider a final dividend in relation to the year ended 30 June 2014.

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:
<http://www.investorcentre.com/au>

Change of address

Shareholders should advise the Share Registry immediately in writing as soon as their address changes. Broker-sponsored shareholders should advise their sponsoring broker.

Annual General Meeting

To be advised, pending outcome of Scheme Implementation Agreement.

Stock Exchange listed securities

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

Consolidation of shareholdings

Please contact Wotif.com's Share Registry if you have received more than one Annual Report for the same shareholding. Broker-sponsored shareholders should advise their sponsoring broker.

Tax File Number

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