wotif.com
first in online accommodation

27 August 2008

The Manager
Company Announcements Office
Australia Stock Exchange Limited
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

By Electronic Lodgement

Dear Sir,

Re: Market Release - Financial Results and ASIC Audited Accounts

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

(a) Appendix 4E - Preliminary Final Report for the year ending 30 June 2008; and

(b) 2008 Annual Report (including the directors' report, the financial report, the directors' declaration and the audit report).

In accordance with Australian Securities and Investments Commission (**ASIC**) Practice Note 61, the documents required to be lodged by Section 319 of the Corporations Act, will not be lodged separately with ASIC.

Yours faithfully

Robbie Cooke
Managing Director
Wotif.com Holdings Limited

ASX115

Wotif.com Holdings Limited • ABN 41 093 000 456 • 13 Railway Terrace, Milton QLD 4064
T: +61 7 3512 9965 • F: +61 7 3512 9914 • E: robbie.cooke@wotif.com

Wotif.com Holdings Limited and controlled entities

Appendix 4E

Preliminary final report

For the year ending 30 June 2008

Appendix 4E
Preliminary Final Report

Wotif.com Holdings Limited ABN 41 093 000 456

Year ended 30 June 2008

Details of the reporting period and the previous corresponding period

Current period:	**1 July 2007 to 30 June 2008**
Prior corresponding period:	**1 July 2006 to 30 June 2007**

Results for announcement to the market

Key information	Year ended 30 June 2008 $'000	Year ended 30 June 2007 $'000	Change %
Revenue from ordinary activities	93,996	67,310	Up 39.6%
Profit from ordinary activities after tax attributable to members	34,452	26,400	Up 30.5%
Net profit for the period	34,452	26,400	Up 30.5%

Dividends	Amount per security	Franked amount per security
Final dividend (208,105,444 shares on issue)	9 cents	100%
Interim dividend paid 28 March 2008 (207,909,815) shares on issue)	6 cents	100%
Record date for determining entitlements to the dividends		
Record date for the final dividend is 10 September 2008		

Commentary
Commentary on the Company's trading results is included on pages 4 to 12 (inclusive) of the 2008 Annual Report attached

Income statement
Please refer to the Audited Financial Statements for the year ended 30 June 2008.

Balance sheet
Please refer to the Audited Financial Statements for the year ended 30 June 2008.

Cash flow statement
Please refer to the Audited Financial Statements for the year ended 30 June 2008.

Statement of changes in equity
Please refer to the Audited Financial Statements for the year ended 30 June 2008.

Additional dividend information
Details of dividends declared or paid during or subsequent to the year ended 30 June 2008 are as follows:

Record date	Payment date	Type	Amount per security	Total dividend	Franked amount per security
12 September 2007	15 October 2007	Final	8 cents	$16,256,323	8 cents
7 March 2008	28 March 2008	Interim	6 cents	$12,474,589	6 cents
10 September 2008	13 October 2008	Final	9 cents	$18,729,490	9 cents

Dividend reinvestment plans

The dividend plans shown below are in operation.

NIL

Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	(13.50 cents)	14.49 cents

Control gained over entities having material effect

Name of entity (or group of entities)	**travel.com.au Limited** (refer Note 20 of Audited Financial Statements) **Asia Web Direct (HK) Limited** (refer Note 20 of Audited Financial Statements)

Loss of control of entities having material effect

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

Details of aggregate share of profits (losses) of associates and joint venture entities

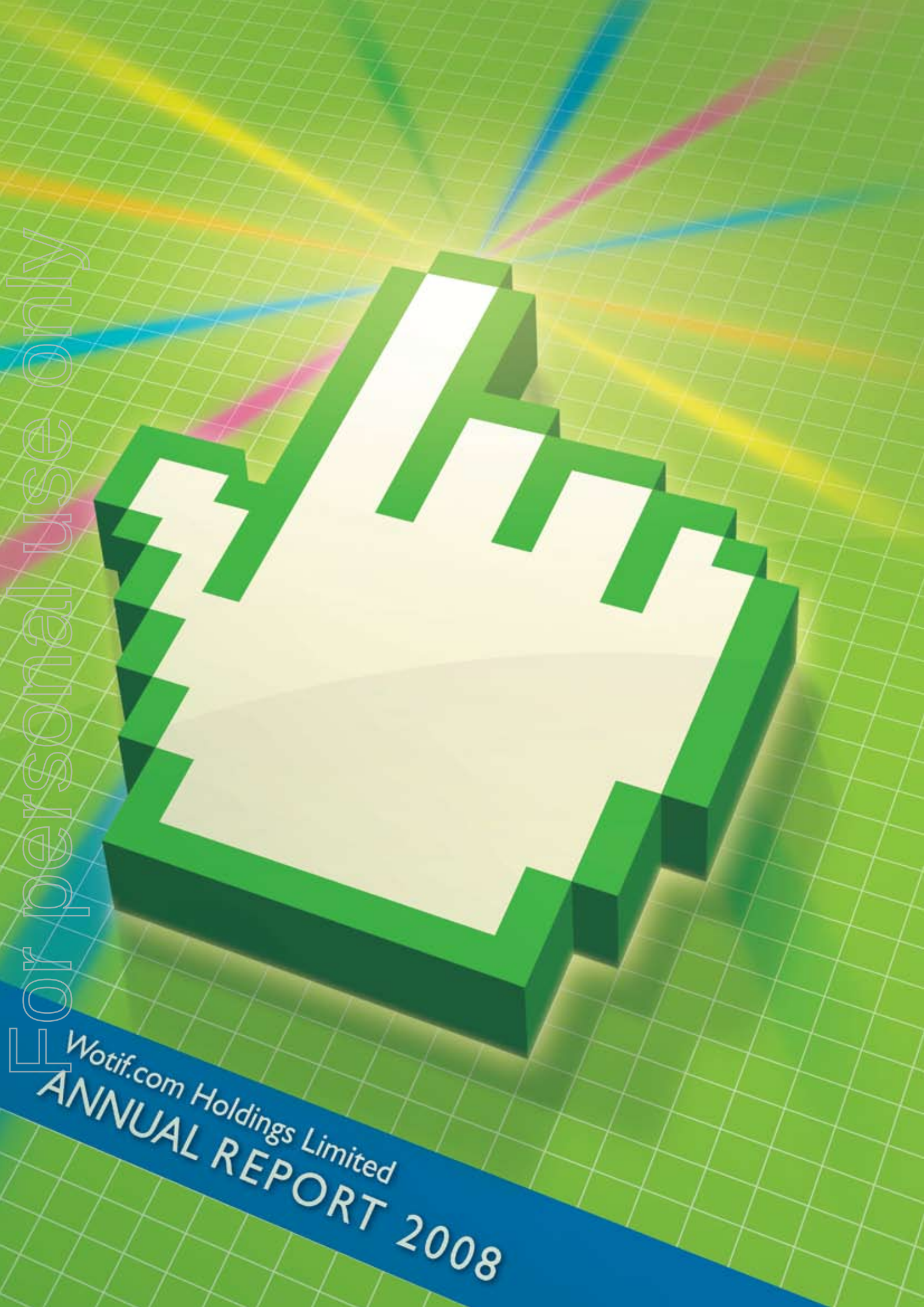
Group's share of associates' and joint venture entities':	Current period $A'000	Previous corresponding period - $A'000
Profit (loss) from ordinary activities before tax	N/A	N/A
Income tax on ordinary activities	N/A	N/A
Profit (loss) from ordinary activities after tax	N/A	N/A
Extraordinary items net of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

Compliance statement

This report should be read in conjunction with the attached 2008 Annual Report.

Sign here: (Managing Director) Date: 27 August 2008

Print name: Robert Michael Sean COOKE



Wotif.com Holdings Limited
ANNUAL REPORT 2008

INTRODUCTION TO THE GROUP

Wotif.com Holdings Limited and our group companies (**Wotif Group** or **Group**) operate leading online travel brands in the Asia Pacific region. We provide both business and leisure customers alike with a highly convenient booking service for all their travel needs. Our services are simple to use, value-focused, and provide a wide range of choice whether for accommodation, flights, car rental, insurance, travel packages or tours. Our family of brands includes Wotif.com, lastminute.com.au, travel.com.au, Asia Web Direct, LateStays.com, SmartStays.com and Arnold Travel Technology, along with approximately 100 other travel content and destination websites.

We strive to be the first choice for business and leisure consumers with a particular focus on those travelling to, from and within the Asia Pacific region. We work as partners with our travel suppliers providing a very cost-effective distribution platform for their products. Since launching in 2000, we have grown to be a truly international company, employing over 400 staff in 13 countries on five continents. Our head office is in Australia, and we have additional offices in New Zealand, Thailand, Malaysia, the United Kingdom and Canada. We listed on the Australian Securities Exchange in June 2006 under the ASX code "WTF". In 2008 the Company's operations expanded with the takeover of travel.com.au Limited and the purchase of the businesses conducted by Asia Web Direct (HK) Limited. The Wotif Group's operations today include the following businesses:

The **Wotif.com** site sells accommodation from 45 countries online. Wotif.com's great rates, broad accommodation range, easy-to-use site and 24/7 Customer Service Centre have made it the most popular way for business and leisure travellers in Australia and New Zealand to book accommodation online. Every month our site attracts almost 3.4 million visits, with customers making over 205,000 bookings through our 28-day booking window.

Asia Web Direct has been at the forefront of online travel distribution in Asia since 1993, providing web-based hotel reservations, travel information and related services to customers worldwide.

Asia Web Direct's popular reservation sites, **LateStays.com** and **SmartStays.com**, allow users to book their accommodation with instant confirmation either at the last minute or all year round. Asia Web Direct has established approximately 100 destination websites offering its customers travel guides, photos, maps, hotel reviews and user forums.

lastminute.com.au commenced its operations in 2000 and offers a range of products and services to consumers in Australia and New Zealand including hotels, international and domestic flights, holidays, gifts, entertainment and experiences. This business has continued to develop a distinctive brand that communicates spontaneity and a sense of adventure, attracting a loyal community of registered customers.

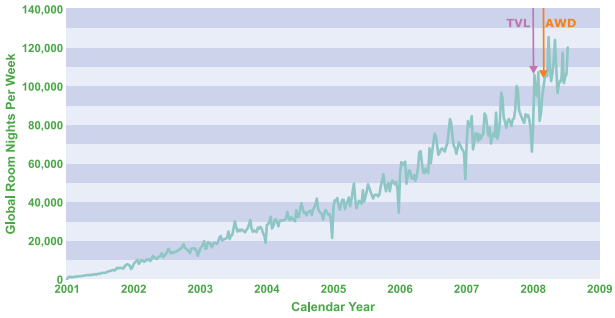
travel.com.au was established in September 1997 and is a full service travel agency offering holidays, hotels, flights, travel insurance and car hire. travel.com.au also operates in the niche-markets of ski, cruise, family and adventure travel. The majority of travel.com.au's business is conducted online, however it also caters for those who like the human touch. Our travel experts and accessible customer service team give customers access to products not available elsewhere online.

Since 2000, **Arnold Travel Technology** has developed a suite of products designed in Australia specifically to meet the needs of the Australasian corporate travel market. These products are used by some of Australia's and New Zealand's leading companies to fulfil their travel needs.

Operational & financial highlights

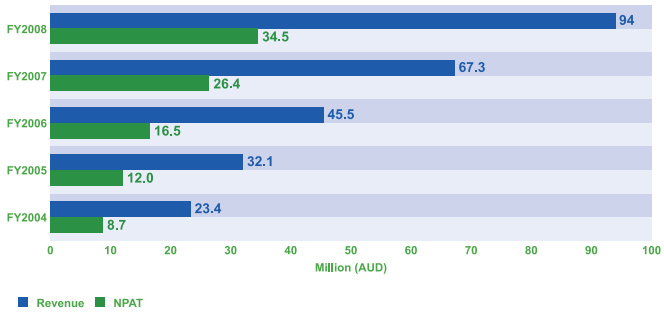
– 4.91 million room nights sold[1] (FY2007: 3.81 million[2])

WOTIF GROUP GLOBAL ROOM NIGHT SALES[3]



– NPAT up 31% to $34.5 million (FY2007: $26.4 million)

TOTAL REVENUE AND NPAT



– Successful takeover of ASX-listed travel.com.au Limited (including the lastminute.com.au website) in January 2008

– Acquisition of Asia Web Direct (HK) Limited (including LateStays.com and SmartStays.com websites) in March 2008

– More than 11,900 properties directly offering deals on the Wotif.com site from 45 countries

– Brand recognition survey[4] reveals 51% awareness (up from 44% in June 2007) of the Wotif.com brand in Australia and 39% awareness of the lastminute.com.au brand

– 1,300 North American hotels were added to the Wotif.com site via an arrangement with leading US online travel wholesaler, Tourico Holidays Inc. – January 2008

– Google Maps displayed on Wotif.com site – January 2008

– Wot Guides Australian destination review site released – June 2008

– Wotif.com ranked No. 1 by Hitwise in the Travel – Destinations & Accommodation category for the fourth consecutive year

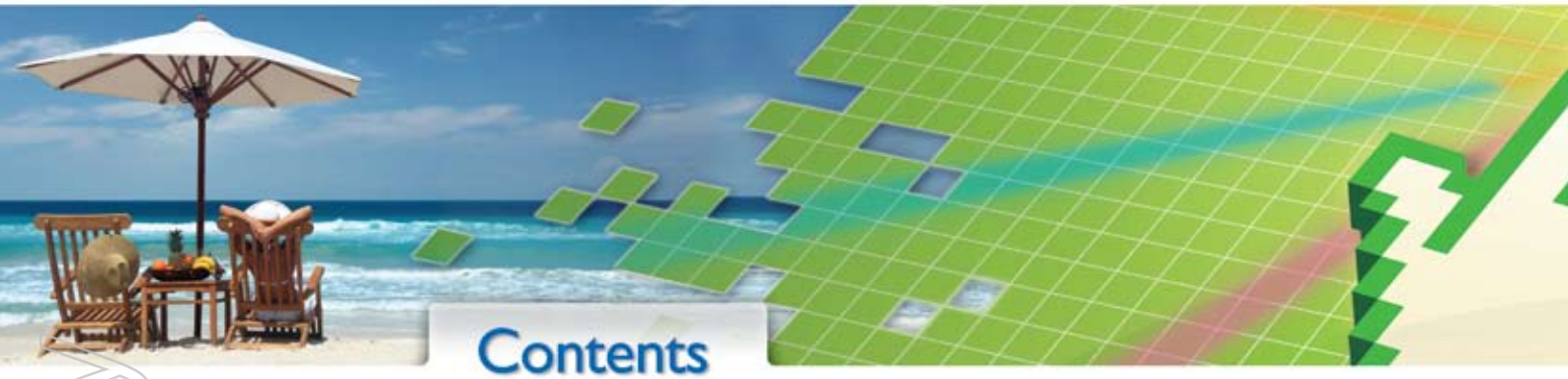
Key Investor Figures

	FY2008
Earnings per share	16.81 cents
Dividend per share (interim and final—fully franked)	15 cents
Return on shareholders' equity	62%
Number of shareholders (as at 30 June 2008)	5,701

Key Results

	FY2008	FY2007
Total revenue	$94.0 m	$67.3 m
Net profit before depreciation, amortisation and taxation	$53.7 m	$41.5 m
Net profit before tax	$49.0 m	$37.9 m
Net profit after tax	$34.5 m	$26.4 m

[1] Figure includes room night sales by all Wotif Group brands from the approximate date of acquisition as shown.
[2] This represents room night sales on the Wotif.com site only.
[3] Chart includes room night sales from acquired businesses from date of acquisition.
[4] Surveys conducted by Newspoll.



Contents

From the Chairman

This year Wotif.com acquired a presence in the broader travel market and strengthened its presence in the Asian region while growing profits by 31% and revenue by 40%. This followed a lift in profits of 60% last year.

The foundations of the business remain strong. Less than 13.2% of all accommodation in Australia is booked through the internet[1]. The Wotif.com site captures 41% of this business and has boosted its directly acquired accommodation offering over the past year by hosting more than 11,900 suppliers around the world. Additionally, we have improved our base offer in Northern America through an arrangement with Tourico. This arrangement has added 1,300 new accommodation options for travellers.

Expansion into the broader online travel market provides new growth opportunities that complement our strengths in the accommodation sector. The takeover of ASX-listed travel.com.au Limited (**TVL**), which delivered the Group the lastminute.com.au and travel.com.au brands, air travel and hire car booking capability, and a suite of software that allows the Company to service the corporate travel market, was an important step towards a more complete travel offering.

The integration of the TVL and Wotif.com businesses is well advanced. Inventory sharing and the introduction of a 365 day booking window will make it easier for the users of all booking sites to secure all their travel requirements without the need to shop around. The full integration of these businesses is expected to continue throughout the rest of 2008.

The subsequent acquisition of Asia Web Direct has provided the Group with a larger footprint in Asia. The Thailand-based operations of Asia Web Direct have delivered a strong presence in a market which has mass appeal for global travellers. Providing Asia Web Direct with access to Wotif.com's Australian and New Zealand hotel offering is also expected to support travel from Asia into those markets.

The TVL and Asia Web Direct transactions have proven to be earnings accretive. They are strategically significant and have strengthened the Group's business model. The benefits from these transactions will continue to emerge well into the future.

The Board recognises the additional effort made by Robbie Cooke and his rapidly expanding teams in Brisbane, Sydney, Thailand and in the various sales centres around the world as they work to build the initial Wotif.com model and extend into new businesses. The courage and effort required to develop, advocate and successfully execute a strategy which stretches the whole management team deserves the support of the Board and all shareholders.

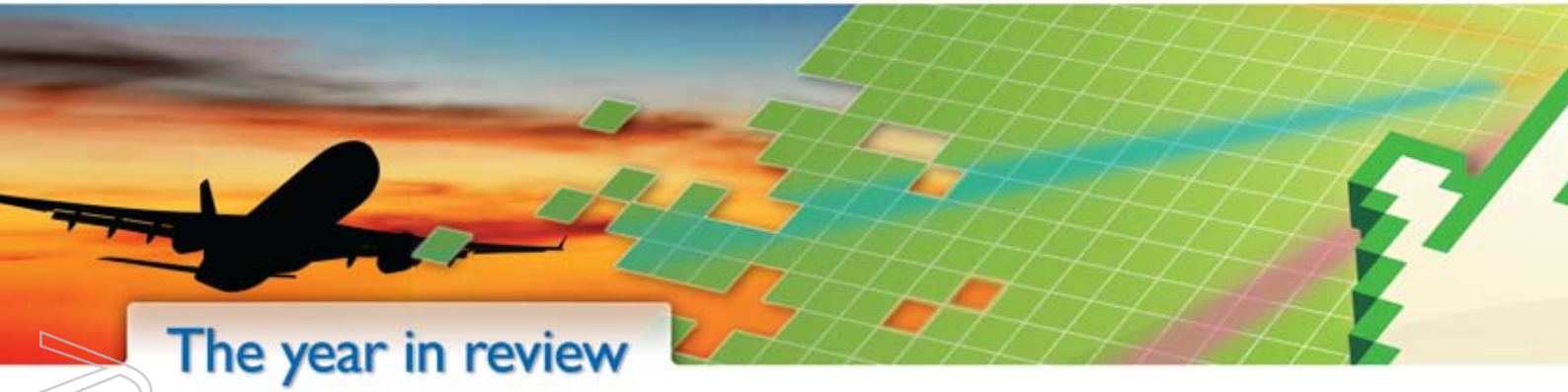
The decision by Neil Cumming to join the Board following the acquisition of Asia Web Direct has helped the Board to better understand the Asian accommodation booking market. Mr Cumming was the founder of Asia Web Direct and has a longstanding appreciation of the development of businesses in Asia. He has a strong and active involvement in Asia Web Direct's continuing success.

The Board recognises that the Wotif Group is a relatively young organisation operating in a relatively new market. This means that there is very little history of internet accommodation booking patterns during periods when weak consumer sentiment plays on spending. The good growth being experienced by the Group at the moment leads us to believe that our business model will continue to perform strongly as travellers become more and more wedded to the choice, convenience and prices offered on the Company's websites.

The Board has declared a final dividend of 9 cents. The full year dividend of 15 cents represents a 15.4% increase on the dividend paid last financial year. There is no intention to alter the current dividend policy.

Dick McIlwain
Chairman

1. Based on CY2007 Australian market information published by Euromonitor International.



The year in review

THE GROUP'S BUSINESSES

The 2008 financial year has been a year of significant growth and transformation for the Group. While we maintained our focus on providing the best accommodation solution for customers and suppliers, we also embarked upon two significant transactions which have extended our reach both geographically and in terms of product offering.

The successful takeover of travel.com.au Limited (**TVL**) in January 2008 provides the Group with capability to sell not only accommodation, but also flights, car hire, travel insurance, holiday packages and leisure experiences through the strongly-positioned lastminute.com.au brand and the travel.com.au brand. TVL also gives the Group ownership of the Arnold corporate travel technology business, which provides corporate travel systems to some of Australia's and New Zealand's leading companies for use in fulfilling their travel needs. In addition the acquisition of TVL now enables the Group to service customers who wish to book their accommodation offline via an expert travel services team.

Simultaneously with the TVL transaction, the Group purchased Asia Web Direct (HK) Limited, which has been at the forefront of online travel distribution in Asia since 1993. The Asia Web Direct Group operates the popular accommodation reservation sites LateStays.com and SmartStays.com together with approximately 100 destination websites (such as Phuket.com and Bangkok.com) offering customers travel guides, photos, maps, hotel reviews and user forums.

Notwithstanding the focus on transactional activity in FY2008, the Wotif.com site maintained its leadership position in the Australian online accommodation market place. This bears testament to our straightforward business model that enables suppliers to maximise their sales through some of the lowest cost distribution platforms in the industry, and which provides business and leisure travellers alike with savings on a broad selection of accommodation from small boutique suppliers to large hotels and apartment chains.

The business models used across our various online brands operate by obtaining a margin on the value of product sold. We also receive income from booking fees, administration charges for changed or cancelled bookings, credit card surcharges on specific credit cards and advertising on some of our websites. Our margins continue to be some of the most competitive in the industry, providing our suppliers a very cost-effective way to distribute their product to our significant and expanding customer base.

THE GROUP'S RESULTS

The 2008 financial year was another year of strong growth for the Company, despite market concerns about a softening in the demand for travel products, high fuel prices and interest rate rises. The Company delivered a profit after tax of $34.5 million (up 31% on the FY2007 result of $26.4 million).

Accommodation

The Group sold 4.91 million room nights from all its sites[1] (FY2007: 3.81 million), representing a 28.7% increase over the 2007 financial year via 2.62 million booking transactions (FY2007: 2.06 million). Our strong growth in room nights sold has been consistent year after year as shown in Figure 1.

Flights

The ability to sell flights was a new addition to the Group in FY2008 brought about by the acquisition of TVL in January 2008. Online and offline sales of flights made by the TVL business contributed $44.5 million in total transactional value from the date of acquisition.

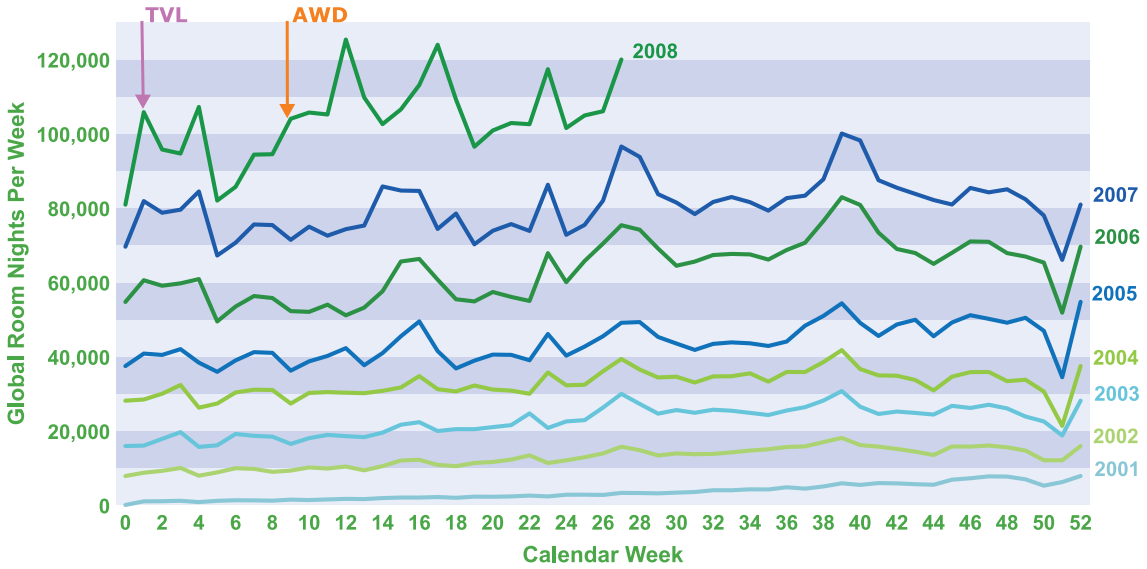
Revenue

The Company's operating revenue for the 12 months to 30 June 2008 was $93,996,000 (FY2007: $67,310,000). This result was driven by:

– a 28.7% growth in the number of room nights sold throughout the Group (FY2008 4.91 million room nights sold versus FY2007 3.81 million room nights sold);

1. TVL sites contributed from 1 January 2008 and Asia Web Direct sites from 1 March 2008

Figure 1. Year-on-year (calendar) comparison global room nights sold[1]



– an increase in the average value of rooms sold on the Wotif.com site from $138.79 per room night in FY2007 to $144.14 in FY2008 (representing a 3.9% increase)[2]. The average value of all rooms sold on all the Group's brands was $141.68 (representing a 2.1% increase); and

– the contribution of the travel.com.au Limited and Asia Web Direct businesses in the reporting period from 1 January 2008 and 1 March 2008 respectively.

Net profit

The Company's consolidated net profit after tax for the period was $34,452,000 (FY2007: $26,400,000). This represents an increase of 31% compared with the previous year.

Operating expenses (excluding amortisation of IT Development Costs and depreciation) were $40,254,000 (FY2007: $25,831,000) up 56%, reflecting:

– increased credit card commission costs associated with the increase in accommodation sold in the reporting period (FY2008: $10,313,000; FY2007: $7,976,000);

– increase in employee costs[3] (FY2008: $12,506,000; FY2007: $8,635,000) reflecting increased salary levels and the increase in numbers of employees in the reporting period both in respect of the Company's existing business and as a result of the two newly acquired businesses (FY2008: 402 employees; FY2007: 184 employees);

– option expenses of $946,000 (FY2007 $1,088,000);

– increase in web maintenance costs (FY2008: $4,746,000; FY2007: $2,361,000) reflecting costs associated with operating multiple websites;

– operating costs from the travel.com.au Limited and Asia Web Direct (HK) Limited businesses from 1 January 2008 and 1 March 2008 respectively; and

– undertaking increased marketing activities.

IT Development Costs increased to $3,905,000 (FY2007: $3,367,000), reflecting an increase of $538,000 for the original core Wotif.com business and costs associated with the two newly-acquired businesses for part year.

1. Chart displays room nights sold with a check-in date in the relevant week and includes room night sales by all Wotif Group brands from approximate date of acquisition as shown.
2. The average value of rooms sold is calculated by dividing TTV for the relevant year (which includes booking and administration fees) by the number of room nights sold with a check-in date in the relevant year.
3. This excludes employee costs that were capitalised as IT Development Costs, which were amortised in the reporting period.

The year in review

Dividend

A final fully franked dividend of 9 cents per share has been declared.

The following tables contrast the 2008 financial year result with prior years:

Year ended 30 June ($ million)	FY2008	FY2007	FY2006
Total Transaction Value (TTV)[1]			
Accommodation TTV	695.2	529.2	362.9
Flights and other TTV	48.5	-	-
Total TTV	**743.7**	**529.2**	**362.9**
Accommodation revenue	83.5	62.3	42.9
Flights and other revenue	5.5	-	-
Interest revenue	5.0	5.0	2.6
Total revenue	**94.0**	**67.3**	**45.5**
Total operating expenses	(40.2)	(25.8)	(19.5)
Net profit before depreciation, amortisation and taxation	**53.8**	**41.5**	**26.0**
Depreciation	(0.9)	(0.2)	(0.4)
Amortisation of IT Development Costs[2]	(3.9)	(3.4)	(2.4)
Profit before income tax	**49.0**	**37.9**	**23.2**
Income tax	(14.5)	(11.5)	(6.7)
Net profit	**34.5**	**26.4**	**16.5**

Key operating data	FY2008	FY2007	FY2006
Accommodation TTV growth	31%	46%	44%
Flights and other TTV growth	N/A	-	-
Total revenue growth	40%	48%	42%
Operating expenses growth	56%	33%	47%
Profit before income tax growth	29%	64%	36%
Net profit growth	31%	60%	37%
Accommodation revenue % of accommodation TTV	12%	12%	12%
Total revenue % of TTV	**13%**	**13%**	**13%**
Profit before income tax % of total revenue	52%	56%	51%
Profit before income tax % of total revenue (excluding option expenses)	**53%**	**58%**	**51%**
Net profit % of total revenue	37%	39%	36%
Capex[3] ($ million)	6.1	6.8	3.1

1. Total Transaction Value (TTV) represents the price at which accommodation and flights have been sold across the Group's operations. TTV is stated net of any GST/VAT payable. TTV does not represent revenue in accordance with Australian Equivalents of International Financial Reporting Standards (AIFRS). For FY2008 this includes TTV from acquired businesses, namely travel.com.au Limited contributions from 1 January 2008 and Asia Web Direct (HK) Limited from 1 March 2008.
2. IT development costs that relate to the acquisition of an asset are capitalised to the extent that they represent probable future economic benefits, are controlled by the Group and can be reliably measured (referred to as IT Development Costs). The capitalised cost is amortised over the period of expected benefit, usually up to 3 years. In the reporting period and in prior years IT Development Costs have been capitalised and amortised within the year. IT costs incurred in the management, maintenance and day-to-day enhancements of all IT applications are charged as an expense in the period in which they are incurred.
3. Capex is comprised of property, plant and equipment, and IT Development Costs. In FY2007, this included the purchase of the Group's head office ($2.4 million).

THE BRANDS

wotif.com
No.1 in online accommodation

Wotif.com is Australasia's leading online accommodation booking service. It is one of the most readily recognised brands for online accommodation booking services in Australia and New Zealand. Brand awareness continued to grow strongly in the reporting period with awareness in June at 51% in Australia (FY2007: 44%) and 25% in New Zealand[1] (FY2007: 23%). The website received the Hitwise number 1 ranking in its category of "Travel – Destinations & Accommodation" for the fourth consecutive year in Australia and the second year running in New Zealand. This award is based on website traffic and is a clear indication of the brand's popularity.

With more than 11,900 properties in 45 countries, Wotif.com continues to grow its large and diverse customer base that is divided between unmanaged business travellers and short-break leisure travellers. The cost savings delivered by the Wotif.com business model — together with the convenience, simplicity and wide range of accommodation offered — are the key customer benefits. Every month the Wotif.com site attracts almost 3.4 million visits, with customers making over 205,000 bookings through our 28-day booking window.

Wotif.com's range of accommodation offered at competitive rates reinforces its position as market leader, drawing both suppliers and customers to the site with the greatest number of customers and broadest range of competitively priced accommodation. During FY2008 Wotif.com attracted more than 40 million visits to the site (FY2007: 33 million), through a continued effort to deliver more to our customers and suppliers.

Some of the features added to the Wotif.com website during the financial year were:

- *North American Inventory*

  In January 2008, we signed an agreement with Tourico Holidays Inc. for the right to distribute its North American product to enhance our overall offering in this region by approximately 1,300 properties. Tourico is a leading worldwide online wholesaler of travel products based in the United States, with a comprehensive hotel offering in North America.

- *Better Maps*

  Using the Google Maps product we released an improved mapping system on the Wotif.com site to allow customers to make a more informed decision about the property they want to book. Far from simply plugging in a third party map provider, we invested development time to producing a seamlessly integrated mapping solution to maximise customer benefits as well as providing standard functionality such as driving directions and satellite imagery.

  The maps also allow us to add our own features and points of interest, which we can use to enhance customer experience on the site as well as provide future commercial opportunities with select partners.

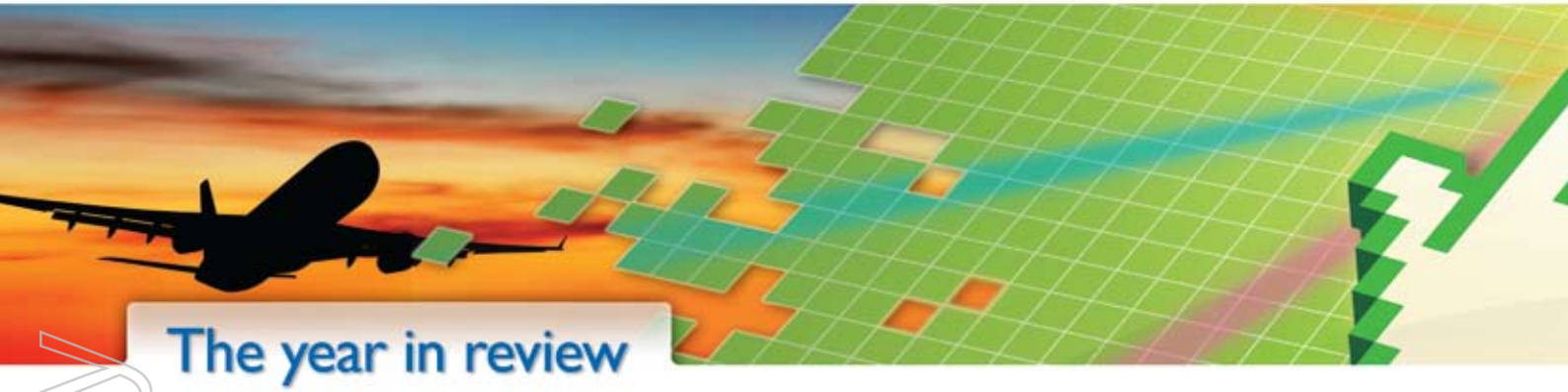
- *Currency Converter View*

  We improved the currency converter tool on the Wotif.com website to allow customers to either view all deals on the site in two different currencies, or to perform a single currency conversion.

- *Extra Guests and Bedding*

  After feedback from both customers and suppliers, we initiated an enhancement to allow suppliers to specify the options and extra charges associated with additional guests and bedding in a room. These charges are then included in customers' pre-paid bookings. Our customers benefit by having a guaranteed booking that includes all extra guest and bedding charges. Wotif.com's 10% margin is applied to the total booking cost including extra guest and bedding charges.

1. Survey conducted July 2008.



The year in review

- *Video Property Tours*

  In addition to the photographic images that suppliers can upload to the Wotif.com site, we have partnered with PREVU (a specialist in the production and distribution of multimedia content for hoteliers) to allow our suppliers to provide video tours of their property with their Wotif.com listing. This has added to the variety of content available on the site and is another way we allow customers to make an informed decision about the accommodation that will suit them best.

- *Wot Guides*

  With the appetite for user-generated content rapidly growing, we launched the Wot Guides campaign to build an inventory of review content that can promote regional destinations and encourage domestic tourism.

  Run initially as a writing competition, Wot Guides focuses on destination reviews and encourages people to discover parts of Australia that they may not otherwise find out about. Within weeks of launching the wotguides.com website, we received thousands of reviews and as more reviews are received, the website will become a comprehensive resource for travellers, helping them to decide where to travel next, and giving them ideas on what to do when they get there.

- *Google Gadget*

  Our innovation team developed an RSS gadget that allows consumers to have accommodation deals for specific price points, locations and ratings delivered direct to their iGoogle homepage.

- *New Countries and Additional Properties*

  In the reporting period, Wotif.com added to the range of countries covered on the website, taking the total number of countries now available to 45. We also increased the number of properties on our site by 18%. As at 30 June 2008, we had more than 11,900 properties offering deals on the site (FY2007: more than 10,000). Asia had the largest increase in the number of properties actively showing deals (before taking into account those gains from the acquisition of the Asia Web Direct business), increasing by 53% to 2,096 (FY2007: 1,368).

lastminute.com.au

lastminute.com.au was added to the Group's stable of brands following the takeover of travel.com.au Limited in January 2008. lastminute.com.au attracts approximately 780,000 visits to its site every month and is ranked number 3[1] in the "Travel - Agencies" category by Hitwise. lastminute.com.au has achieved a 61% increase in the total transactional value for flights and accommodation sold in the first 6 months of Group ownership (over the same period last year).

The brand offers a range of products and services including hotels, international and domestic flights, holidays, gifts, entertainment and experiences. It focuses on short to mid-term holiday breaks and is particularly focused on promoting spontaneity and a sense of adventure. This is best demonstrated by its Secret Hotels® product. Secret Hotels® are luxury hotels with rates so low, hotel partners don't reveal who they are until after the customer has booked. The customer knows only the general location, but the name of the hotel is hidden until after the booking has been made.

travel.com.au

Acquired by the Group in January 2008, travel.com.au was established in September 1997 as a full-service travel company offering holidays, hotels, flights, travel insurance and car hire. It also operates in the niche markets of ski, cruise, corporate, family and adventure travel. It operates both as an online service, and offline through a team of travel experts and a Customer Service Team, who are able to provide access to products not available elsewhere online and to assist in more complicated bookings such as

1. Hitwise "Travel - Agencies" category for quarter April – June 2008.

multi-stop and around-the-world air travel. travel.com.au has achieved 20% growth in the total transactional value for hotels and flights sold in the first 6 months of Group ownership (over the same period last year).

Asia Web Direct was acquired by the Group in March 2008 and has been at the forefront of online travel distribution since 1993. It provides web-based hotel reservations, travel information and related services to travellers worldwide.

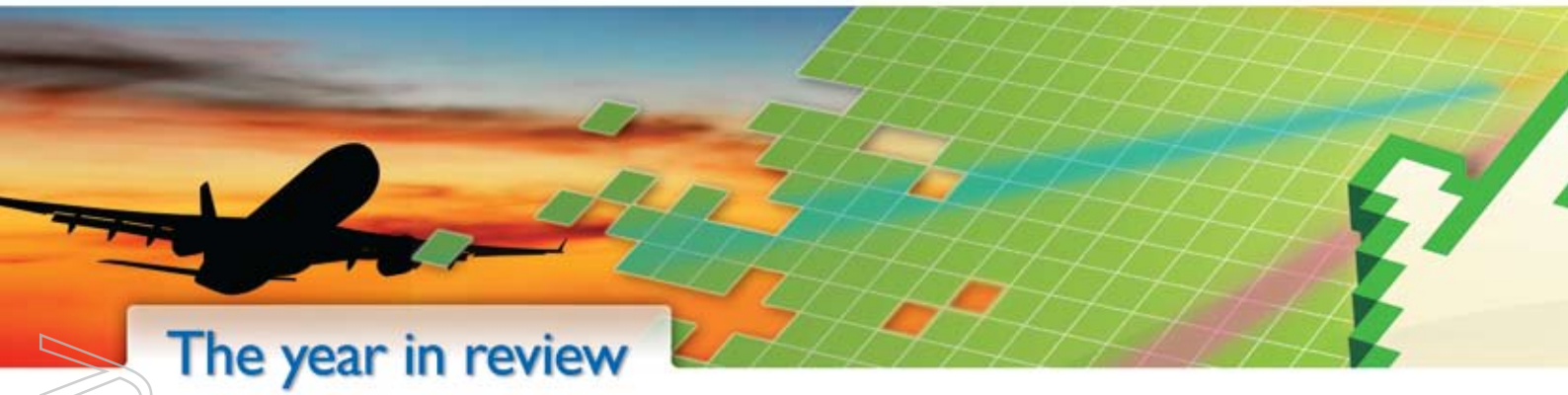
Its popular reservation portals, LateStays.com and SmartStays.com, allow consumers to book their accommodation with instant confirmation, either at the last minute or all year round. It has also established approximately 100 destination portals offering our customers travel guides, photos, maps, hotel reviews and user forums.

Asia Web Direct's websites aim to be the first port of call for travellers by providing them with a valuable link to reliable local knowledge about destinations, a comprehensive accommodation database with sophisticated reservation systems and exciting extras such as tour products. In turn, our business partners receive broad exposure across multiple sites and world-class support.

Asia Web Direct's websites attract approximately 3.2 million visits per month. Hotel room night sales achieved by Asia Web Direct in the first 4 months of ownership by the Group increased 39% over the same period in the prior year. As at 30 June 2008, more than 4,900 Asian hotels were offering deals on the Asia Web Direct websites.

This business was acquired with the takeover of travel.com.au Limited in January 2008. Arnold Travel Technology has developed a suite of products designed in Australia specifically to meet the needs of the Australasian corporate travel market. These products are used by travel agencies, travel management companies, corporates and government departments to fulfil their travel needs. These products are aimed at providing clients with the ability to reduce travel costs by giving their employees access to the best possible pricing (regardless of source), while ensuring compliance with their internal travel policies and procedures.

1. The average value of rooms sold is calculated by dividing TTV for the relevant year (which includes booking and administration fees) by the number of room nights sold with a check-in date in the relevant year.



The year in review

THE OPERATIONS

Overall, the Company's performance in the reporting period was driven by:

– a 28.7% increase in room nights sold across all sites within the Group; and

– a 3.9% increase in room night yield on the Wotif.com site (FY2007 average rate $144.14 (net of GST/VAT) per room night versus $138.79 (net of GST/VAT) in FY2007) due to increased hotel room rates[1].

This strong performance was reflected in each of the Company's key operating units in the financial year as discussed below.

Accommodation – Australia and New Zealand

Room night sales in Australia and New Zealand continued to perform strongly during the reporting period driven by greater adoption of the online channel by consumers and hoteliers, a comprehensive hotel and accommodation offering, and strong brand awareness. Room nights sold reached 4.28 million for the year, up 22% on the previous year (FY2007 room nights sold: 3.52 million). The total number of bookings for Australian and New Zealand properties in the year was 2.38 million (FY2007: 1.94 million).

At the end of the financial year, we had 5,282 properties from Australia, Fiji, Vanuatu and Papua New Guinea actively showing deals on the Wotif.com website, up 16%, representing 44% of total inventory (FY2007: 4,555). We had 1,171 properties from New Zealand and the Cook Islands actively showing deals on the website, up 26% on last year (FY2007: 928). The average room rate realised for rooms booked in Australia in the financial year was up 5% to $148.61 (net of GST) (FY2007: $141.56) and $109.10 (net of GST) for New Zealand and the Cook Islands (FY2007: $109.07)[1].

The strong room night growth reflects our leading position in the Australian and New Zealand markets as we continue to capture additional market share and more consumers migrate from traditional sales channels to the online environment. We have seen our "Flaming Deals" promotional feature continue to secure exclusive deals for our customers and our deals have been further enhanced through our "Wot Hotels" product.

Accommodation – Asia

Asia continues to be a key market in our international growth strategy, and strong growth in the Asian markets is encouraging. The inclusion of Asia Web Direct has allowed us to leverage competencies from both companies and grow more rapidly in existing and new markets throughout Asia.

Room nights sold in Asia exceeded expectations during the reporting period, reaching 499,022, growing by over 176% since FY2007 (FY2007 room nights sold: 180,785). The total number of bookings for Asia in the year was 174,797 (FY2007: 71,383). The average room rate realised for rooms booked in the financial year was $107.07 (FY2007: $127.50)[1].

Accommodation – Rest of the world

Room nights sold in the United Kingdom, Europe and North and South America increased by 13% on FY2007 reaching 130,070 (FY2007 room nights sold: 115,588).

At the end of the reporting period, we had 3,359 properties (excluding the 1,300 properties sourced from Tourico) displaying deals on the Wotif.com website (FY2007: 3,257). The average room rate realised for rooms booked in the financial year was $176.23 (net of VAT) (FY2007: $162.90)[1].

The room night growth reflects the increase in available properties in destinations popular with international inbound customers from countries such as Australia, New Zealand and the United Kingdom.

Flights – domestic and international

The ability to sell flights was a new addition to the Group in FY2008 brought about by the acquisition of TVL in January 2008. Our new flights business produced $44.5 million in total transactional value from the date of acquisition.

1. The average value of rooms sold is calculated by dividing TTV for the relevant year (which includes booking and administration fees) by the number of room nights sold with a check-in date in the relevant year.

THE TECHNOLOGY

Over the past 12 months, the Group's technology team has continued to improve our technology platform and enhance the functionality and features of our products.

To ensure we are well positioned for future expansion, we have continued to invest significantly in our IT architecture and infrastructure. Pertinent examples of this are the introduction of a middleware product to facilitate message brokering between systems; the successful delivery of major upgrades to core systems; and the replacement and consolidation of the majority of our back-office infrastructure.

The acquisition of the TVL and Asia Web Direct businesses have complemented the capability of the technology team significantly, with the addition of expertise in the development of portals and in the flights and corporate sectors. A range of business integration initiatives has commenced in recent months, with the first wave of these scheduled for delivery in the first quarter of FY2009, focusing on:

- sharing hotel inventory;
- achieving cost efficiencies by taking advantage of the transaction volumes of the combined businesses;
- streamlining back-office processes; and
- standardising and enhancing the scalability of the Group's technology platform.

Our technology teams are now operating effectively across our Brisbane, Sydney and Phuket offices.

THE PEOPLE

The Group employs approximately 402 staff members (375 full-time equivalents) (FY2007: 184 staff members; 162 full-time equivalents). This significant increase in personnel follows from the acquisition of TVL and Asia Web Direct. Within the expanded Group we have a level of expertise and experience that positions the Group well for the continuing growth of our businesses. We have an exceptionally talented team, which has the drive and enthusiasm necessary to prosper in the dynamic market places in which we operate.

THE FUTURE

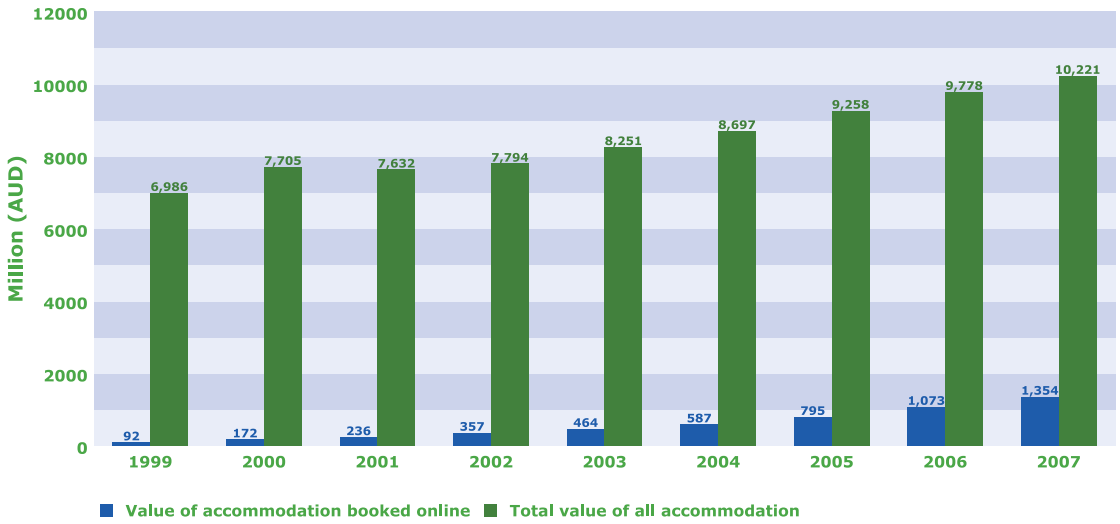
As the owner of the leading websites in the Australian and New Zealand online accommodation markets, the Group is in a strong position to capitalise on the expected growth in online bookings in those markets.

Euromonitor International estimates that total online accommodation sales in Australia during calendar year 2007 were $1,354 million (2006: $1,073 million) from a total accommodation market valued at $10,221 million (2006: $9,778 million) (see Figure 2). The compound annual average growth rate for online accommodation has been approximately 40% per annum since 1999 in Australia.

This indicates that online accommodation sales are growing at a greater rate than overall accommodation sales, with online sales representing 13.2% of total accommodation sales in 2007 (2006: 11%). These industry estimates support our belief that the online accommodation sector will continue to attract customers away from traditional sales channels. Euromonitor International forecasts online sales to reach approximately 27% in Australia by 2012, as shown in Figure 3.

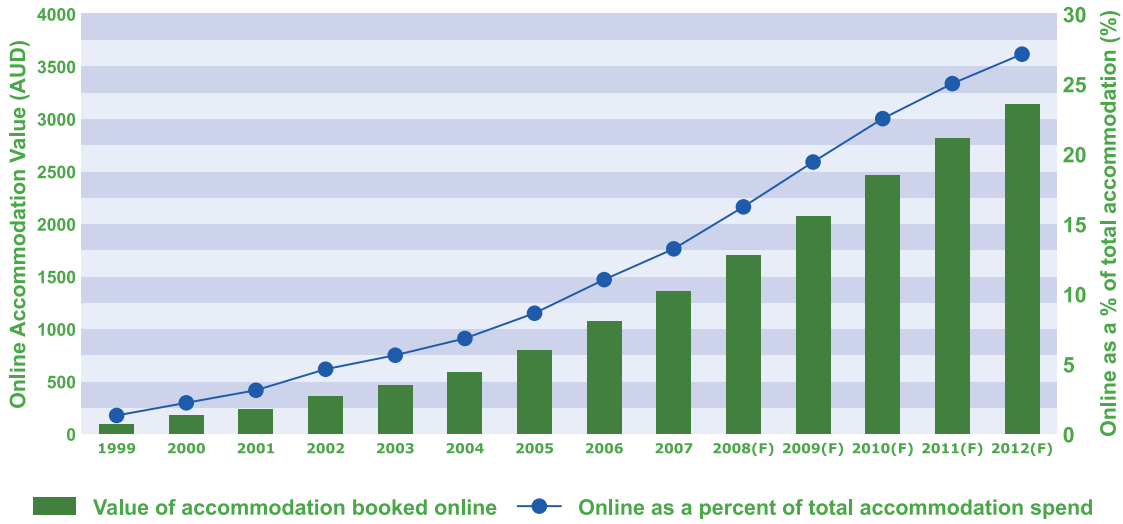
On the basis of these forecasts, a significant organic growth opportunity exists in our core Australian accommodation market and in New Zealand where similar market dynamics exist. We will continue to seek opportunities to grow our share of this and other international markets (in particular, Asian markets) through online marketing and partnership opportunities. This ambition has been significantly assisted by our acquisition of the Asia Web Direct business. The strong growth experienced in accommodation sales will be added to in coming years with full year contribution from sales of flights, which the Group now has the capability to provide following the acquisition of TVL, and from the extension of the 28 day booking window to 365 days for the Wotif.com site.

Figure 2. Online sales of accommodation in Australia



Source: 1999-2007 Euromonitor International from official sources

Figure 3. Online sales as % of total accommodation sales in Australia



Sources: 1999-2007 Euromonitor International from official sources;
2008-2012 Euromonitor International estimates

Board of Directors

Dick McIlwain (age 61), Chairman

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

Dick has been Managing Director and Chief Executive of Tatts Group Limited since the Tattersall's/UNiTAB merger in October 2006. He had been the Chief Executive of UNiTAB Limited since 1989 and Managing Director since 1999.

Prior to joining UNiTAB, he held senior operational roles at Australian Airlines (now the domestic arm of Qantas).

Dick is the Non-executive Chairman of Super Cheap Auto Group Limited (since 19 May 2004) and is a Fellow of the Australian Institute of Company Directors. He holds a Bachelor of Arts from the University of Queensland.

The Board has determined that Dick is an Independent Director.

Robbie Cooke (age 42), Group Chief Executive Officer and Managing Director

Robbie joined the Company in January 2006, initially as the Chief Operating Officer, before taking the reins as Group Chief Executive Officer and Managing Director in October 2007 following the decision by Wotif.com's founder, Graeme Wood, to step into an Executive Director role.

Prior to joining the Company, Robbie was the Strategist and General Counsel at UNiTAB Limited, a position he held for 6 years. Prior to UNiTAB, he held commercial, corporate finance and legal roles at Santos, HSBC James Capel and MIM Holdings Limited.

He has a Bachelor of Commerce and a Bachelor of Laws (Hons), both from the University of Queensland, and is an associate member of Chartered Secretaries Australia and of the Institute of Chartered Secretaries and Administrators.

Graeme Wood (age 61), Executive Director

Graeme created the concept of Wotif.com in 2000. He has been a Director since its inception (24 May 2000).

Graeme's background is in information technology with more than 30 years' experience in the field of 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 stepped down from the Chief Executive Officer and Managing Director role following the Company's Annual General Meeting in October 2007. As an Executive Director, Graeme is focused on developing new business concepts and promoting the business.

Graeme holds a Bachelor of Economics and Masters of Information Systems from the University of Queensland.

Andrew Brice (age 65), Non-executive Director

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

Andrew has had a successful career as a Chartered Accountant. During this time he worked as an auditor at the accounting firm Arthur Andersen and went on to build his own accounting practice, AH Jackson & Co, from a sole trader to an established four-partner firm.

Andrew has been a Non-executive Director of Symbiosis Group Limited since 9 May 2005. He graduated from the University of Queensland with a Bachelor of Commerce and is a fellow of the Institute of Chartered Accountants.

Board of Directors

Ben Smith (age 43), Non-executive Director

Ben heads the corporate advisory department of Investec Bank (Australia) Limited, and was appointed to the Board as a Non-executive Director on 3 April 2006. He is the Chairman of the Company's Audit and Risk Committee and a member of the Nomination and Remuneration Committee.

Ben has 19 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.

Dave Warneke (age 50), Non-executive Director

Dave joined the Board on 27 November 2006 as a Non-executive Director. He is a member of the Company's Nomination and Remuneration Committee.

Dave was Managing Partner of Ernst & Young Consulting in Australia and CEO of Cap Gemini in Australia and New Zealand. He was also a member of Cap Gemini's Asia Pacific management team responsible for the strategic direction and operational execution of Cap Gemini's business across the region. Dave has over 26 years' experience across a variety of industries including IT, financial services, professional services, and construction and mining.

Dave is a fellow of the Australian Institute of Company Directors.

The Board has determined that Dave is an Independent Director.

Neil Cumming (age 64), Executive Director

Neil was appointed to the Board on 27 March 2008 following the Company's acquisition of Asia Web Direct (HK) Limited. Neil founded the Asia Web Direct business in 1993.

Neil brings a wealth of experience to the Company, not only from 15 years of successfully operating the Asia Web Direct online accommodation booking service, but also from his IT systems background. He was the co-founder and Managing Director of Enterprise Airtime Systems Limited, which operated an online computerised reservation system for television commercials. Neil's 40 years of computer industry experience has seen him involved in programming, system design, management and strategic planning.

Corporate Governance

The Wotif.com Holdings Limited Board recognises the importance of good corporate governance and establishing the accountability of the Board and management. The Company 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 Principles of Good Corporate Governance and Best Practice Recommendations dated March 2003[1]. 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 Company are summarised below and are centred on the Board, Board committees and the principles that govern their interaction with, and oversight of, management. Additional information with respect to the Company's corporate governance approach can be found in the following documents available in the Investors section on the Company's website (www.wotifgroup.com):

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

BOARD OF DIRECTORS – ROLE OF THE BOARD

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

The Board is responsible for:

- overseeing the Company including overseeing:
  - the Company's systems of internal control and accountability and the systems for monitoring compliance; and
  - identification and management of significant business risks;
- monitoring the Company's financial performance, including adopting annual budgets and approving the Company's financial statements;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestments;
- input into and approving the Company's goals and strategic direction;
- reviewing and ratifying the Company's risk management system, internal compliance and control systems, codes of conduct and legal compliance;
- selecting and (where appropriate) removing the Managing Director and reviewing the performance of senior management; and
- ratifying the appointment and (where appropriate) removal of the Chief Financial Officer and the Company Secretary.

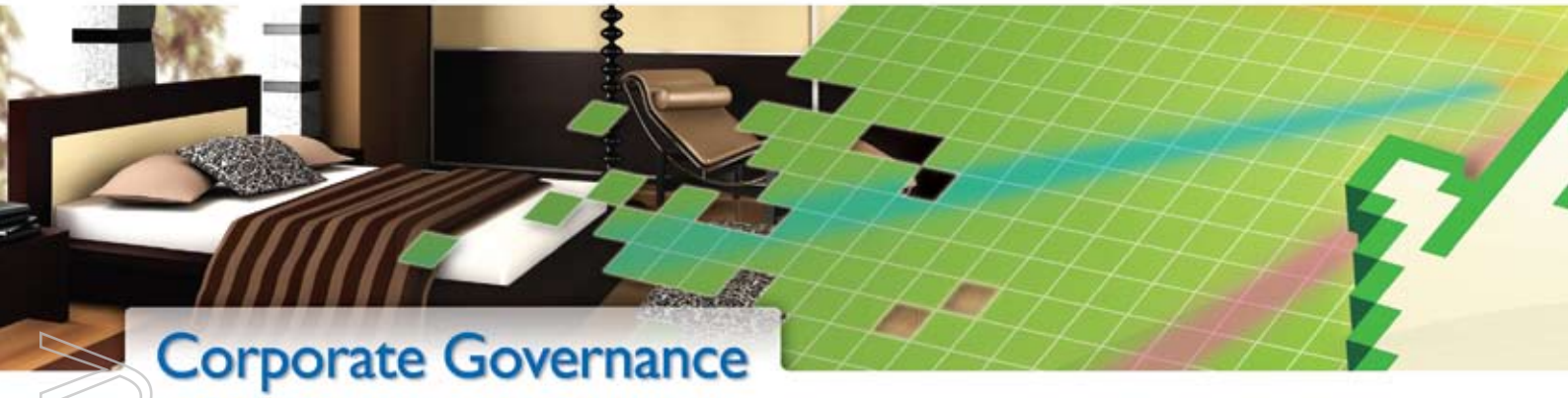
The Board has adopted a written charter that identifies the functions reserved to the Board. Day-to-day management of the operations of the Company vests in the Managing Director, who, together with the executive team, is accountable to the Board.

COMPOSITION OF THE BOARD

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

- three (Dick McIlwain (Chairman), Ben Smith and Dave Warneke) are Non-executive, Independent Directors (see *Independence* section on page 16);
- one (Andrew Brice) is a Non-executive Director however is not considered to be independent as a result of his shareholding level in the Company; and

1. Subject to the Board's composition not being comprised of a majority of Independent Directors – see section titled *Independence* on page 16.



Corporate Governance

– three (Robbie Cooke, Graeme Wood and Neil Cumming) hold their position in an Executive capacity and consequently are not considered to be independent.

The term of office held by each Director is set out in the section titled *Board of Directors* at pages 13 and 14 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 at every Annual General Meeting, one third of the Directors (excluding the Managing Director) are to retire from office. Each retiring Director under the Constitution is eligible for re-election.

– Each retiring Director's performance is reviewed by the Nomination and Remuneration Committee and following this review that Committee makes a recommendation to the Board as to whether the Board should support the renomination of that Director.

– The composition of the Board is reviewed annually by the Nomination and Remuneration Committee to ensure that it has available an appropriate mix of skills and experience to ensure the interests of shareholders are served.

In the reporting period, the Nomination and Remuneration Committee undertook a review of the Board's performance and of each retiring Director's performance. In undertaking this review, the Committee:

– examined the mix of skills, experience and expertise held by the Board collectively and considered whether that mix was appropriate for the Board to discharge its duties;

– considered the independence of all Directors;

– qualitatively reviewed the contributions each retiring Director had made to the Board during his tenure, and considered whether each of those Director's skills, experience and expertise continued to meet the requirements of the Group.

In addition, at a full Board meeting during the reporting period, the Board undertook an examination of its and its Committees' performance during the reporting period, addressing issues including reporting, access to management, strategy, composition and the exercise of independent judgement in decision-making. The Board concluded that, in light of its review, it would support the renomination of the Directors due to retire by rotation.

INDEPENDENCE

The Board has adopted the independence definition suggested by the ASX Corporate Governance Council in its publication *Principles of Good Corporate Governance and Best Practice Recommendations*. Under the terms of that definition, three of the Directors (namely Dick McIlwain, Ben Smith and Dave Warneke) 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 recognises that it is not currently comprised of a majority of Independent Directors. The Company's expansion into Asia and the acquisition of Asia Web Direct (HK) Limited resulted in the appointment of Neil Cumming to the Board. Neil Cumming is considered to bring a wealth of experience to the Board not only from his 15 years of successfully operating a South East Asian online accommodation booking service, but also from his IT systems background. The Board considers that its present composition still allows for critical, quality, expedient and independent decision-making in the best interests of the Company on all relevant issues.

The Board (and each individual Director) is entitled to seek independent professional advice at the Company's expense (subject to the reasonableness of the costs and Board consent) in the conduct of their duties for the Wotif.com Holdings Limited Board.

MEETINGS OF THE BOARD

The Board met on 18 occasions in the reporting period. Details of individual attendance at Board meetings, and of Board Committees, can be found on page 23 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 was established on 3 April 2006 and met three times during the reporting period.

Under its Charter, this Committee must have at least three members, a majority of whom must be Independent Directors. Currently the members of this Committee are Dick McIlwain (Committee Chairman), Ben Smith and Dave Warneke. The main functions of the Committee are to:

– establish procedures for the selection and recommendation of candidates suitable for appointment to the Board;

– assist in ensuring that an appropriate mix of skills, experience and expertise is held by Board members;

– assist in ensuring that the Board is comprised of individuals who are best able to discharge the responsibilities of a Director; and

– assist in ensuring that appropriate remuneration policies are in place which are designed to meet the needs of the Company and to enhance corporate and individual performance.

This Committee is charged with undertaking an annual assessment of the effectiveness of the Board as a whole, and of individual Directors retiring and re-nominating for appointment to the Board. This review was undertaken in the reporting period (see *Composition of the Board* at pages 15 and 16).

Audit and Risk Committee

This Committee was established on 3 April 2006 and met four times during the reporting period.

Under its Charter, this Committee must have at least three members, a majority of whom must be Independent Directors and all of whom must be Non-executive Directors. Currently the members of this Committee are Ben Smith (Committee Chairman), Dick McIlwain and Andrew Brice. The qualifications of the members of this Committee are set out in the section titled *Board of Directors* at pages 13 and 14. 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 Company's risk management, and internal controls; and

– the Company'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 auditors and for reviewing their effectiveness. In carrying out this activity the Committee is guided by the following principles:

- the External Auditor 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 Company's systems of internal control and risk management. The Board has delegated the direct review of risk management to the Audit and Risk Committee, which comprises two Independent Directors. As part of its role, that Committee reviews the effectiveness of the Company's risk management system annually.

The executive management team has responsibility for implementing the risk management systems and internal controls within the Company. The management team is also integral in identifying the risks in the Company's operations and activities. Monitoring of risks, risk management and compliance is undertaken by management and overseen by the Audit and Risk Committee.

The Company has in place a control environment to manage significant 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 Company operates within an annual budget approved by the Board and provides the Board with monthly reporting of performance against budget;
- internal management questionnaire system for legal and regulatory compliance;
- the Wotif.com site's production systems being hosted in a specialised third party facility that provides leading-edge security services to minimise the risk of intrusion; and
- the Wotif.com site's operations being supported by an offsite disaster recovery site (that has been tested under simulated load, but has not been placed into a live environment).

FINANCIAL REPORTING

The Company's financial report preparation and approval process for the 2008 financial year involved the Managing Director and Chief Financial Officer providing a declaration to the Board on 27 August 2008 that in their opinion:

- the financial records of the Company have been properly maintained in accordance with the *Corporations Act 2001*; and
- the financial statements and notes thereto for the financial year comply with the accounting standards and provide a true and fair view in all material respects of the Company's financial condition and operational results.

In making this statement, the Managing Director and Chief Financial Officer indicated to the Board that in their opinion:

- the Company's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects; and
- 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.

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 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 Company's resources and property appropriately.

REMUNERATION POLICIES AND PRACTICES

As stated above, the Nomination and Remuneration Committee is charged with ensuring that the Company has appropriate remuneration policies designed to meet the needs of the Company and to enhance corporate and individual performance. The broad remuneration policy is to ensure remuneration packages properly reflect the person's duties, responsibilities and performance, and are competitive in attracting, retaining and motivating people of the highest quality.

Employees, including the Managing Director and specified executives, may receive bonuses based on the achievement of specific goals. Such bonuses may include options over ordinary shares. More detail on the Company's remuneration practices can be found on pages 23 to 31.

The Company has established and adopted plans to assist in the attraction, retention and motivation of employees and senior management within the Group. These plans are:

- the Executive Share Option Plan (**ESOP**); and
- the Employee Share Plan (**ESP**).

The options granted under the terms of the ESOP are outlined in more detail on pages 28 to 31.

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

DEALING IN SHARES

The Group has adopted a written policy with respect to the dealing in shares by Directors and employees of the Group.

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.

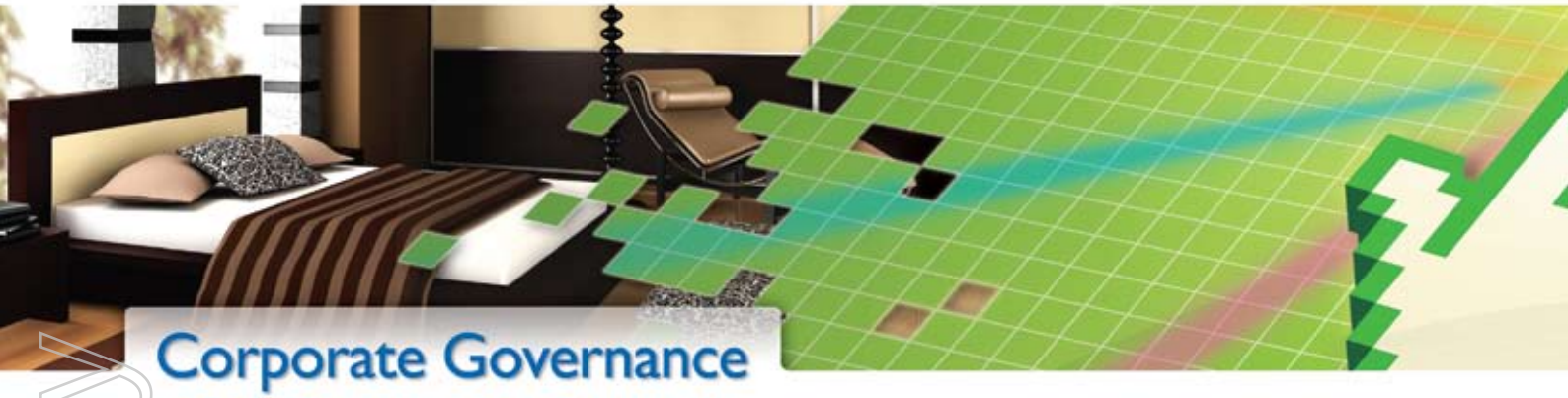
In addition, a Director or employee of the Group:

- 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 Company has in place a written policy with respect to its continuous disclosure obligations and procedures (available at www.wotifgroup.com). The Board seeks to ensure that the Company's shareholders are provided with sufficient information to assess the performance of the Company. In addition to the Annual Report, the Company uses its website to communicate with its shareholders. The Company's website



Corporate Governance

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 auditors at the Annual General Meeting. The Company requires its external auditors 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 2008 (collectively the **Group**).

DIRECTORS

The Directors of the Company at any time during the financial year and up to the date of this report are:

Richard Douglas McIlwain (Chairman)	Director since 3 April 2006
Robert Michael Sean Cooke (Managing Director)	Director since 23 October 2007
Graeme Thomas Wood	Director since 24 May 2000
Anthony Benjamin Reynolds Smith	Director since 3 April 2006
Robert Andrew Creeth Brice	Director since 24 May 2000
David Ernest Warneke	Director since 27 November 2006
Neil Anderson Cumming	Director since 27 March 2008

The continuing Directors' qualifications and experience are detailed on pages 13 and 14 under the heading *Board of Directors* and those pages are incorporated in and form part of this report.

COMPANY SECRETARY

Robert Michael Sean Cooke is the Company Secretary of Wotif.com Holdings Limited and has been since 3 April 2006. He holds a Graduate Diploma in Company Secretarial Practice and is admitted as a solicitor of the Supreme Court of Queensland. He holds a Bachelor of Commerce and a Bachelor of Law (Hons), both from the University of Queensland. He is a Chartered Secretary and an associate member of both the Institute of Chartered Secretaries and Administrators and Chartered Secretaries Australia.

Erin Dadswell is the Assistant Company Secretary of Wotif.com Holdings Limited and has been since March 2007. She is a Chartered Secretary and an associate member of both the Institute of Chartered Secretaries and Administrators and Chartered Secretaries Australia. She holds a Bachelor of Business Management (Hons) from the University of Queensland and a Graduate Diploma of Applied Corporate Governance from Chartered Secretaries Australia.

PRINCIPAL ACTIVITIES

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

REVIEW OF OPERATIONS AND RESULTS

The Company's net profit after tax for the year ended 30 June 2008 was $34.5 million (FY2007: $26.4 million).

A review of the operations of the Company and its business during the financial year and the results of those operations are set out on pages 4 to 12 inclusive.

Except as disclosed above, information as to the business strategies and prospects for future financial years has not been included in this report, because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

DIVIDENDS

The Company declared a final dividend in respect of the 2008 financial year of 9 cents per share. The dividend will be paid on 13 October 2008 (total final dividend amount fully franked $18,729,490).

The following fully franked dividends of the Company 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
2007 final dividend	12 September 2007	15 October 2007	8 cents	$16,256,323	8 cents
2008 interim dividend	7 March 2008	28 March 2008	6 cents	$12,474,588	6 cents
2008 final dividend	10 September 2008	13 October 2008	9 cents	$18,729,490	9 cents

ENVIRONMENTAL DISCLOSURE

The operations of the Company and its controlled entities (see Note 19 on page 64) (the **Consolidated Entity**) are not subject to any particular or significant environmental regulation under any law of the Commonwealth of Australia or any of its States or Territories.

The Consolidated Entity has not incurred any liability (including any liability for rectification costs) under any environmental legislation.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Consolidated Entity during the financial year under review not otherwise disclosed in this report or the Consolidated Financial Statements.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Directors are not aware of any matters or circumstances not otherwise dealt with in this report or the Consolidated Financial Statements that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Information as to the likely developments in the operations of the Consolidated Entity is set out under the heading *The Year in Review* (see pages 4 to 12). Except as so disclosed, information on likely developments in the Consolidated Entity's operations in future financial years and the expected results of those operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Consolidated Entity.

INDEMNIFICATION

Pursuant to the Constitution of the Company, all Directors and officers, past and present, have been indemnified against all liabilities allowed under the law. The Company has entered into agreements with each of its Directors, the Managing Director, the Chief Financial Officer and the Chief Information Officer to indemnify those parties against all liabilities to another person that may arise from their position as Directors or other officer of the Company or its controlled entities to the extent permitted by law. The agreement stipulates that the Company will meet the full amount of any such liabilities, including reasonable legal costs and expenses.

INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid premiums for directors' and officers' liability insurance in respect of Directors and officers, including executive officers of the Company and Directors, executive officers and secretaries of its controlled entities as permitted by the *Corporations Act 2001*. This insurance cover extends to costs and liabilities arising from claims against the Company regarding the Prospectus document dated 24 April 2006 and the Bidders' Statement relating to the takeover of travel.com.au Limited dated 7 November 2007. The terms of the policy prohibit disclosure of details of the insurance cover and premiums.

DIRECTORS' INTERESTS

The relevant interest of each Director in the share capital of the Company and its controlled entities at the date of this report is as follows:

Name	Fully paid ordinary shares	Options over ordinary shares
R D McIlwain*	500,000	Nil
R M S Cooke	71,500	2,300,000
G T Wood	50,161,000	Nil
A B R Smith*	150,000	Nil
R A C Brice*	39,050,000	Nil
D E Warneke*	135,000	Nil
N A Cumming*	2,881,763	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 were:

Name	Board of Directors		Audit and Risk Committee		Nomination and Remuneration Committee	
	A	B	A	B	A	B
R D McIlwain	18	18	4	4	3	3
R M S Cooke	10	10	-	-	-	-
G T Wood	18	18	-	-	-	-
A B R Smith	18	17	4	4	3	3
R A C Brice	18	18	4	4	-	-
D E Warneke	18	18	-	-	3	3
N A Cumming	4	4	-	-	-	-

Column A indicates the number of meetings held during the financial year while the Director was a member of the Board or Committee and which the Director was entitled to attend.

Column B indicates the number of meetings attended by the Director during the financial year while the Director was a member of the Board or Committee.

REMUNERATION REPORT (AUDITED)

The Remuneration Report of the Company is set out in the sections below:

Section A - Principles used to determine the nature and amount of remuneration;

Section B - Details of remuneration;

Section C - Contractual arrangements;

Section D - Share-based compensation; and

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 broad approach by the Company to remuneration is to ensure that remuneration packages:

– properly reflect 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 Company. An overview of the functions of the Committee is set out on page 17. A copy of the charter of the Committee can be found at www.wotifgroup.com.

Remuneration structure – senior executives

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

1. **Fixed remuneration:** Senior executives are offered a competitive base pay that comprises the fixed component of pay and rewards. External market data obtained from national remuneration surveys is used to ensure base pay is set to reflect the market for a comparable role. Base pay for senior executives is reviewed annually to ensure that it is competitive with the market.

2. **Variable (at risk) remuneration:** Comprised of potential participation in a bonus pool, an option scheme and a bonus share scheme.

Bonus pool

The bonus pool is comprised of two components:

(a) The first component of the pool is created when revenue in a financial year exceeds the annual budget set prior to the commencement of the relevant financial year. An additional amount will be added to or subtracted from the bonus pool where the related operational expenses vary from the expense budget. This component of the bonus pool focuses senior executives on outperforming revenue budgets and controlling costs in areas over which they exercise control.

(b) A second component of the bonus pool is established with reference

to the movement in the Company's earnings per share. This component of the bonus pool is designed to align senior executives' remuneration with improvements to, or declines in, the earnings that establish the capacity of the Company to pay dividends to shareholders.

The Nomination and Remuneration Committee determines the allocation of the bonus pool between senior executives and other employees who have made a significant contribution to the Company's performance during the year. It is considered that the "at risk" bonus pool aligns executive performance with shareholder returns. The bonus pool provides a short-term incentive in relation to years where the Company outperforms, however provides no, or low, participation in periods where the performance is less satisfactory.

Option scheme

The Board uses equity as part of its remuneration approach and this has taken the form of the issue of options to executives under the Executive Share Option Plan. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or receive any guaranteed benefits.

The Board reviews the use of options from time to time. It is considered that options are an effective long-term incentive that (due to the performance hurdles) strongly aligns executives with shareholder interests.

Any future grant of options will be determined by the Board having regard to the limits on the number of options that may be issued under the Executive Share Option Plan and the Company's overall remuneration policies. Any allocation of options to individual executives will be determined by the Nomination and Remuneration Committee having regard to the individual's performance and position.

Bonus share scheme

The Company has in place the Employee Share Plan under which shares to a value of $1,000 may be granted to employees for no cash consideration. This plan was approved at a general meeting of shareholders on 10 April 2006.

Employees who have been continuously employed by the Company 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 Wotif.com Holdings Limited's shares on the ASX on the 5 trading days prior to the date of offer to eligible employees. The Board having regard to the performance of the Company, the cost to the Company in making a grant and the Company's overall remuneration policies will determine any future grant under the Employee Share Plan.

Remuneration approach – Non-executive Directors

The Company's Non-executive Directors are remunerated from a maximum aggregate amount as determined by shareholders (currently $600,000 in total—fixed at the General Meeting of Shareholders on 10 April 2006). This amount excludes payments for extra services such as membership of Board committees and is divided amongst all Non-executive Directors. Members of Board committees have elected to receive no additional payments for these extra services.

Current rates paid to Non-executive Directors (inclusive of superannuation) are:

Chairman – $163,500 p.a.

Non-executive Director – $87,200 p.a.

R A C Brice has elected to receive no Board fees.

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

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

Section B – Details of remuneration

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

- R M S Cooke – Group Chief Executive Officer & Managing Director (from 23 October 2007);
- G T Wood – Executive Director;
- N A Cumming – Executive Director (from 27 March 2008);
- C A Dawson – Chief Financial Officer;
- A M Ross – Chief Information Officer (appointed 23 October 2007);
- P J Young – Chief Information Officer (resigned 6 September 2007).

In addition:

- C Meehan;
- G R Luck; and
- S W Moorhead

are executives whose remuneration must be disclosed under the *Corporations Act 2001* as being included within the five highest Group and/or Company remunerated executives.

Details of the remuneration of the Directors, the key management personnel and the five most highly remunerated executives of the Group and/or Company are set out in the tables below.

	Short-term benefits			Post-employment benefits		Long-term benefits	Equity		Total	Percentage of remuneration that consists of:		
	Base cash salary & fees[1] $	Performance related remun-eration - cash bonus $	Non-monetary benefits $	Super-annuation $	Termin-ation benefits $	Long service leave	Options[2]	Employee bonus shares[3]	$	Fixed remun-eration %	Bonus (short term incentive) %	Options (long term incentive) %
FY2008 Directors' Remuneration												
Non-executive Directors												
R D McIlwain	156,249	-	-	14,062	-	-	-	-	170,311	100%	0%	0%
A B R Smith	82,500	-	-	7,424	-	-	-	-	89,924	100%	0%	0%
R A C Brice	-	-	-	-	-	-	-	-	-	-	-	-
D E Warneke	82,500	-	-	7,424	-	-	-	-	89,924	100%	0%	0%
Sub-total Non-executive Directors	321,249	-	-	28,910	-	-	-	-	350,159			
Executive Directors												
R M S Cooke	574,843	200,000	-	13,239	-	2,368	500,172	-	1,290,622	45%	16%	39%
G T Wood	120,812	-	-	10,873	-	-	-	-	131,685	100%	0%	0%
N A Cumming	57,935	5,514	322	356	-	-	-	-	64,127	93%	7%	0%
Sub-total Executive Directors	753,590	205,514	322	24,468	-	2,368	500,172	-	1,486,434			
Total	1,074,839	205,514	322	53,378	-	2,368	500,172	-	1,836,593			
FY2007 Directors' Remuneration												
Non-executive Directors												
R D McIlwain	150,000	-	-	12,686	-	-	-	-	162,686	100%	0%	0%
A B R Smith	60,000	-	-	5,400	-	-	-	-	65,400	100%	0%	0%
R A C Brice	-	-	-	-	-	-	-	-	-	-	-	-
D E Warneke	35,000	-	-	3,150	-	-	-	-	38,150	100%	0%	0%
K M Fitzpatrick[4]	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Non-executive Directors	245,000	-	-	21,236	-	-	-	-	266,236			
Executive Director												
G T Wood	123,437	500,000	-	1,755	-	-		-	625,192	100%	0%	0%
Sub-total Executive Directors	123,437	500,000	-	1,755	-	-		-	625,192			
Total	368,437	500,000	-	22,991	-	-		-	891,428			

1 Non-executive Directors' remuneration represents fees in connection with attending Board meetings and Board Committee meetings.
2 No options were granted to Directors other than the Managing Director in the financial year. No options were outstanding to Directors other than the Managing Director during the financial year.
3 Refers to shares issued pursuant to the Employee Share Plan.
4 K M Fitzpatrick retired on 27 November 2006.

	Short-term benefits			Post-employment benefits		Long-term benefits	Equity		Total	Percentage of remuneration that consists of:		
	Base cash salary & fees $	Performance related remun-eration - cash bonus[1] $	Non-monetary benefits $	Super-annuation $	Termin-ation benefits $	Long service leave	Options[2]	Employee bonus shares[3]	$	Fixed remun-eration %	Bonus (short term incentive) %	Options (long term incentive) %
FY2008 Executive Remuneration												
C A Dawson	185,596	28,000	-	13,705	-	409	80,529	-	308,239	65%	9%	26%
C Meehan[4]	63,766	-	-	19,120	155,804	-	-	-	238,690	100%	0%	0%
A M Ross	142,699	50,000	-	12,455	-	1,246	11,122	-	217,522	72%	23%	5%
G R Luck	149,783	20,000	-	13,480	-	387	22,244	-	205,894	79%	10%	11%
S W Moorhead	130,951	20,000	-	11,507	-	1,138	22,244	-	185,840	77%	11%	12%
P J Young[5]	115,103	-	-	3,491	22,157	-	33,367	-	174,118	81%	0%	19%
Total	787,898	118,000	-	73,758	177,961	3,180	169,506	-	1,330,303			
FY2007 Executive Remuneration												
R M S Cooke	406,544	300,000	-	12,686	-	1,408	495,619	-	1,216,257	34%	25%	41%
P J Young	158,846	12,500	-	12,737	-	-	57,922	1,000	243,005	71%	5%	24%
G R Luck	136,975	40,000	-	11,634	-	399	38,614	-	227,622	65%	18%	17%
S W Moorhead	109,039	26,500	-	9,728	-	445	38,614	1,000	185,326	65%	14%	21%
A M Ross	104,231	30,000	-	9,348	-	879	19,307	1,000	164,765	70%	18%	12%
C A Dawson	23,500	5,000	-	2,115	-	47	22,656	-	53,318	48%	9%	43%
S G Friend	147,299	-	-	16,137	66,038	-	-	1,000	230,474	100%	0%	0%
Total	1,086,434	414,000	-	74,385	66,038	3,178	672,732	4,000	2,320,767			

1 Performance bonus vested to the employee with respect to the financial year.
2 Represents the fair value of options expensed by the Company that were issued under the Executive Share Option Plan (for more detail refer to pages 28 to 31).
3 Represents the value of bonus shares issued pursuant to the Company Employee Share Plan (for more details refer to page 24).
4 Separated from the Group on 18 April 2008.
5 Separated from the Group on 6 September 2007. Mr Young entered into a 12 month consultancy agreement with the Company following separation from the Group for the provision of services and received $76,310 for these consultancy services in the reporting period.

Directors' and officers' liability insurance has not been included in the above figures as it is not possible to determine an appropriate allocation basis.

Section C – Contractual arrangements

The table below sets out details of the contracts of employment with the Managing Director, the key management personnel and the five most highly remunerated executives of the Group and/or Company:

Name	Position	Employed by	Term	Termination by Company	Termination by employee
G T Wood	Executive Director	Wotif.com Holdings Limited	Rolling term	Wotif.com may terminate the employment agreement on 60 days' notice (in which case no right to a severance payment arises)	The employee may terminate the employment agreement on 60 days' notice (in which case no right to a severance payment arises)
N A Cumming	Executive Director	Asia Web Direct Co. Ltd and Asia Web Direct (HK) Ltd	Rolling term	The employer may terminate the employment on 90 days' written notice.	The employee may terminate the employment on 90 days' written notice.
R M S Cooke	Group Chief Executive Officer and Managing Director	Wotif.com Pty Ltd	22 January 2011	The employer may terminate the employment agreement without cause at any time (in which case the employee is entitled to 12 months' fixed remuneration)	The employee may terminate the employment agreement on 6 months' notice (in which case no right to a severance payment arises)
C A Dawson	Chief Financial Officer	Wotif.com Pty Ltd	Rolling term	The employer may terminate the employment agreement without cause at any time (in which case the employee is entitled to 6 months' fixed remuneration)	The employee may terminate the employment agreement on 8 weeks' notice (in which case no right to a severance payment arises)
C Meehan	Chief Executive Officer travel.com.au Limited (separated from the Group on 18 April 2008)	travel.com.au Limited	2 years	The employer may terminate the employment agreement without cause at any time (in which case the employee is entitled to 6 months' fixed remuneration)	The employee may terminate the employment agreement on 6 months' notice (in which case no right to a severance payment arises)
A M Ross	Chief Information Officer (appointed 23 October 2007)	Wotif.com Pty Ltd	Rolling term	The employer may terminate the employment agreement without cause at any time (in which case the employee is entitled to 6 months' fixed remuneration)	The employee may terminate the employment agreement on 8 weeks' notice (in which case no right to a severance payment arises)
P J Young	Chief Information Officer (resigned 6 September 2007)	Wotif.com Pty Ltd	Rolling term	The employer may terminate the employment on 4 weeks' written notice or payment in lieu	The employee may terminate the employment on 4 weeks' written notice
G R Luck	Chief Architect	Wotif.com Pty Ltd	Rolling term	The employer may terminate the employment on 4 weeks' written notice or payment in lieu	The employee may terminate the employment on 4 weeks' written notice
S W Moorhead	Executive General Manager – User Experience & Innovation	Wotif.com Pty Ltd	Rolling term	The employer may terminate the employment on 2 weeks' written notice or payment in lieu	The employee may terminate the employment on 2 weeks' written notice

Section D - Share-based compensation

Options

The Company has undertaken five issues of options under the Executive Share Option Plan, the major terms of which are as follows (Directors, excluding the Managing Director, did not participate in these issues):

– **Vesting date and exercise price**:

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

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

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

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

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

– **Grant date**:

In accordance with AASB 2 Share-based Payment, the Company has calculated the fair value of the Package 1 and 2 options as at a grant date of 10 April 2006 (being the date of shareholder approval of the Executive Share Option Plan). Formal option certificates were issued on 24 July 2006 that reflected undertakings made to relevant employees to issue such options prior to the admission of the Company to the Official List of the ASX (which occurred in June 2006).

The grant dates of the Packages 3 to 5 options are as follows:

Package 3	19 March 2007
Package 4	22 October 2007
Package 5	4 July 2008

– **Exercise conditions**:

In respect of the Package 1 options, the performance criteria are as follows:

- for the first tranche, achieving Prospectus forecast earnings per share for FY2006 (this condition has been satisfied);
- for the second tranche, achieving Prospectus forecast earnings per share for FY2007 (this condition has been satisfied); and
- for the third tranche, achieving earnings per share growth in FY2008 10% above the earnings per share forecast in the Prospectus for FY2007 (this condition has been satisfied).

In respect of the Package 2 options, the performance criteria are as follows:

- for the first tranche, achieving Prospectus forecast earnings per share for FY2007 (this condition has been satisfied); and
- for the second tranche (and each successive tranche), achieving compound annual earnings per share growth of 10% over Prospectus forecast earnings per share for FY2007.

In respect of the Package 3 options, the performance criteria are as follows:

- for the first tranche, achieving earnings per share of 10.34 cents; and
- for the second tranche (and each successive tranche), achieving compound annual earnings per share growth of 10% over 10.34 cents.

In respect of the Package 4 options, the performance criteria are as follows:

- for the first tranche, achieving earnings per share of 16.453 cents;

- for the second tranche, achieving earnings per share of 18.510 cents; and
- for the third tranche, achieving earnings per share of 20.823 cents.

In respect of the Package 5 options, the performance criteria are as follows:

- for each tranche, achieving compound annual earnings per share growth of 15% over FY2008 earnings per share.

In respect of Packages 1 to 5 options, if the performance criteria for a tranche are not met, but subsequently the performance criteria for a later tranche are met, then the tranche with the earlier vesting date will vest as if the performance criteria had been met. In respect of Packages 1, 3, 4 and 5 options, if there is a change in control of the Company after its admission to the Official List of ASX, any options that have not vested will immediately vest.

– **Lapsing date**:

The lapse dates for the respective option packages are:

Package	Lapse date
Package 1	3 December 2010
Package 2	31 December 2011
Package 3	31 December 2012
Package 4	31 December 2011
Package 5	31 December 2013

– **Value:**

The value per option at grant date is as set out below:

Package	Tranche and vesting date		Fair value
Package 1	Tranche 1	2 December 2006	$0.4282
	Tranche 2	3 December 2007	$0.4589
	Tranche 3	3 December 2008	$0.4820
Package 2	Tranche 1	1 October 2007	$0.4829
	Tranche 2	1 October 2008	$0.5047
	Tranche 3	1 October 2009	$0.5202
	Tranche 4	1 October 2010	$0.5300
	Tranche 5	1 October 2011	$0.5351
Package 3	Tranche 1	1 October 2008	$0.9966
	Tranche 2	1 October 2009	$1.0519
	Tranche 3	1 October 2010	$1.0995
	Tranche 4	1 October 2011	$1.1391
	Tranche 5	1 October 2012	$1.1713
Package 4	Tranche 1	22 October 2009	$1.8350
	Tranche 2	22 October 2010	$1.9100
	Tranche 3	22 October 2011	$1.9750
Package 5	Tranche 1	1 November 2011	Not relevant
	Tranche 2	1 November 2012	for FY2008
	Tranche 3	1 November 2013	

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

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

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

Name	Number of options granted during the year		Number of options vested during the year	
	FY2008	FY2007	FY2008	FY2007
Directors				
R D McIlwain	-	-	-	-
R M S Cooke	800,000	-	500,000	500,000
G T Wood	-	-	-	-
N A Cumming	-	-	-	-
R A C Brice	-	-	-	-
A B R Smith	-	-	-	-
D E Warneke	-	-	-	-
Key management personnel and other Group executives				
C A Dawson	-	250,000	-	-
A M Ross	-	-	20,000	-
P J Young	-	-	60,000	-
C Meehan	-	-	-	-
G R Luck	-	-	40,000	-
S W Moorhead	-	-	40,000	-

The assessed fair value at grant date of options granted to the above individuals is allocated equally over the period from grant date to vesting date and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a binomial option pricing model taking into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, and the risk-free interest rate for the term of the option.

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

Name	Date of exercise of options	Number of ordinary shares issued on exercise of options during the year		Amount paid per ordinary share on exercise of option*
		FY2008	FY2007	FY2008
Directors				
Nil	Nil	Nil	Nil	Nil
Key management personnel and other Group executives				
A M Ross	17 October 2007	20,000	Nil	$2.00
P J Young	17 October 2007	60,000	Nil	$2.00
G R Luck	17 October 2007	40,000	Nil	$2.00
S W Moorhead	17 October 2007	40,000	Nil	$2.00

* No amounts are unpaid on any share issued on exercise of option

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.

Section E – Additional information

Company performance

The remuneration policies implemented since the Company's formation are considered to have contributed to the growth in the Company's profits and shareholder returns by aligning remuneration with the performance of the Company. In particular, the policies implemented have assisted in driving net profit after tax from $12.0 million in FY2005 to $34.5 million in FY2008 as shown in Figure 4 and earnings per share growth as shown in Figure 5. Since listing in June 2006 at an issue price of $2.00, Wotif.com Holdings Limited's shares have increased in value by 41% to $2.82 as at 30 June 2008 ($5.62 as at 30 June 2007).

Figure 4. NPAT CAGR since listing

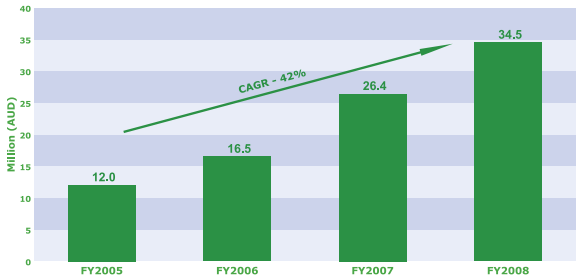
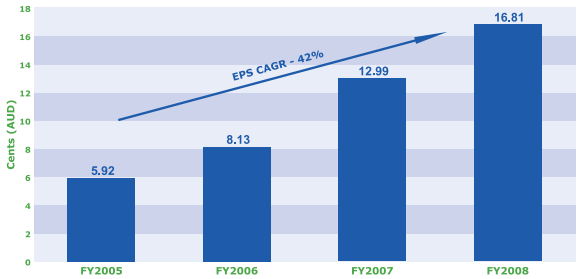


Figure 5. Earnings per Share CAGR since listing



Options

For each grant of options included in the tables on page 29, the percentage of the grant that vested in the financial year and the percentage that was forfeited because the performance criteria were not met is as set out on page 31. No options will vest if the performance criteria as set out on pages 28 and 29 are not met, hence the minimum value of options yet to vest is Nil.

Options						
Name	Option package and year granted	Vested	Forfeited	Financial years in which options may vest	Minimum total value of grant yet to vest $	Maximum total value of grant yet to vest* $
R M S Cooke	Package 1 FY2006	66%	0%	FY2009	Nil	241,000
	Package 4 FY2008	0%	0%	FY2010 FY2011 FY2012	Nil	367,000 382,000 790,000
C A Dawson	Package 3 FY2007	0%	0%	FY2009 FY2010 FY2011 FY2012 FY2013	Nil	49,800 52,595 54,975 56,955 58,565
A M Ross	Package 2 FY2006	20%	0%	FY2009 FY2010 FY2011 FY2012	Nil	10,094 10,404 10,600 10,702
P J Young	Package 2 FY2006	20%	0%	FY2009 FY2010 FY2011 FY2012	Nil	30,282 31,212 31,800 32,106
G R Luck	Package 2	20%	0%	FY2009 FY2010 FY2011 FY2012	Nil	20,188 20,808 21,200 24,404
S W Moorhead	Package 2 FY2006	20%	0%	FY2009 FY2010 FY2011 FY2012	Nil	20,188 20,808 21,200 21,404

* The maximum value of each option yet to vest has been determined as the total number of options to vest multiplied by the fair value of each option at grant date

Further details relating to options are set out below:

	A	B	C	D
Name	Remuneration consisting of options	Value at grant date $	Value at exercise date $	Value at lapse date $
R D McIlwain	0%	-	-	-
A B R Smith	0%	-	-	-
D E Warneke	0%	-	-	-
R A C Brice	0%	-	-	-
G T Wood	0%	-	-	-
N A Cumming	0%	-	-	-
R M S Cooke	39%	1,539,000	-	-
C A Dawson	26%	-	-	-
A M Ross	5%	-	9,658	-
P J Young	19%	-	28,974	-
G R Luck	11%	-	19,316	-
S W Moorhead	12%	-	19,316	-

A = The percentage of the value of remuneration consisting of options, based on the value of options expensed during the current year.

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

C = The value at exercise date of options that were granted as part of remuneration and were exercised during the year, being the intrinsic value of the options at that date.

D = The value at lapse date of options that were granted as part of remuneration and that lapsed during the year, because a vesting condition was not satisfied. The value is determined at the time of lapsing but assuming the condition was satisfied.

BONUS SHARES

No shares were issued under the Company's Employee Share Plan in the reporting period.

UNISSUED SHARES

As at the date of this report, there were 6,631,800 unissued ordinary shares under options (6,631,800 as at the reporting date).

SHARES ISSUED AS A RESULT OF EXERCISE OF OPTIONS

During the financial year, employees and executives have exercised options to acquire 457,800 fully paid shares in the Company at a weighted average exercise price of $2.00. The above amount includes 160,000 options exercised by Directors, key management personnel and the top five remunerated personnel.

The market price of Wotif.com Holdings Limited's shares at 30 June 2008 was $2.82.

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*.

AUDITORS

Ernst & Young continues in office in accordance with Section 327 of the *Corporations Act 2001*.

AUDITORS' 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 33 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 auditors of the Company for non-audit services provided during the 2008 financial year, were as follows:

Description of non-audit service	Amount paid or payable
Tax	Nil
Accounting advices	Nil
Total	Nil

Given that no fees were paid or payable by the Company to Ernst & Young for non-audit services, the Directors are satisfied that:

- there were no non-audit services which compromised Ernst & Young's auditor independence requirements under the *Corporations Act 2001*; and
- there was no issue arising surrounding the compatibility of non-audit services with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

This report is made in accordance with a resolution of the Directors of Wotif.com Holdings Limited made on 27 August 2008.

Dick McIlwain
Chairman

Robbie Cooke
Group Chief Executive Officer and Managing Director

AUDITORS' INDEPENDENCE DECLARATION

ERNST & YOUNG

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

In relation to our audit of the financial report of Wotif.com Holdings Limited for the financial year ended 30 June 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Mike Reid

Mike Reid
Partner
Brisbane

27 August 2008

Financial Report to Shareholders

Income Statement

For the Year Ended 30 June 2008

	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
TOTAL TRANSACTION VALUE		**743,698**	**529,187**	**-**	**-**
Accommodation revenue		83,455	62,266		-
Flights & other revenue	3	5,589	35	28,731	12,191
Interest received and receivable	3	4,952	5,009	-	32
Total revenue		**93,996**	**67,310**	**28,731**	**12,223**
Advertising and marketing expenses		9,986	4,432	-	-
Business development expenses		5,751	3,502	-	-
Operations and administration expenses	3	29,306	21,452	2	2
Total expenses		**45,043**	**29,386**	**2**	**2**
PROFIT BEFORE INCOME TAX		**48,953**	**37,924**	**28,729**	**12,221**
Income tax expense	4	14,501	11,524	(67)	9
NET PROFIT		**34,452**	**26,400**	**28,796**	**12,212**

EARNINGS PER SHARE		2008 per share	2007 per share
Basic earnings per share	25	16.81 cents	12.99 cents
Diluted earnings per share	25	16.63 cents	12.85 cents

The accompanying notes form part of these financial statements.

Balance Sheet

As at 30 June 2008

	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
CURRENT ASSETS					
Cash and cash equivalents	6	60,159	104,363	175	14
Trade and other receivables	7	5,206	1,922	-	6,183
TOTAL CURRENT ASSETS		**65,365**	**106,285**	**175**	**6,197**
NON-CURRENT ASSETS					
Deferred income tax asset	4	8,321	560	-	-
Receivables	8	107	-	107	-
Available for sale investment		833	950	-	-
Investments in subsidiaries	9	-	-	98,053	1,487
Property, plant and equipment	10	7,353	3,987	-	-
Intangible assets and goodwill	11	84,065	-	-	-
TOTAL NON-CURRENT ASSETS		**100,679**	**5,497**	**98,160**	**1,487**
TOTAL ASSETS		**166,044**	**111,782**	**98,335**	**7,684**
CURRENT LIABILITIES					
Trade and other payables	12	103,333	77,281	69,388	-
Interest bearing liabilities	13	109	-	-	-
Income tax payable		5,119	4,453	4,216	4,439
Provisions	14	1,051	506	-	-
TOTAL CURRENT LIABILITIES		**109,612**	**82,240**	**73,604**	**4,439**
NON-CURRENT LIABILITIES					
Interest bearing liabilities	13	233	-	-	-
Deferred income tax liabilities	4	-	-	-	-
Provisions	14	233	104	-	-
TOTAL NON-CURRENT LIABILITIES		**466**	**104**	**-**	**-**
TOTAL LIABILITIES		**110,078**	**82,344**	**73,604**	**4,439**
NET ASSETS		**55,966**	**29,438**	**24,731**	**3,245**
EQUITY					
Contributed equity	15	22,321	1,846	22,321	1,846
Retained earnings		32,270	26,549	376	311
Reserves	16	1,375	1,043	2,034	1,088
TOTAL EQUITY		**55,966**	**29,438**	**24,731**	**3,245**

The accompanying notes form part of these financial statements.

Cash Flow Statement

For the Year Ended 30 June 2008

	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent Entity 2008 $'000	Parent Entity 2007 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers (inclusive of GST)		811,716	574,630	-	-
Payments to suppliers and employees (inclusive of GST)		(755,962)	(518,561)	(2)	(2)
Dividends received		-	-	28,731	12,191
Interest received		5,035	5,093	-	32
Income taxes paid		(14,510)	(9,267)	-	-
Net cash flows from operating activities	18(a)	**46,279**	**51,895**	**28,729**	**12,221**
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(2,242)	(3,406)	-	-
Payments for web development		(3,905)	(3,368)	-	-
Redemption of term deposit		-	15,000	-	-
Acquisition of subsidiary/investment, net of cash acquired		(55,849)	-	(73,056)	-
Secured loan advanced		(107)	-	(107)	-
Unsecured loan repayment received		364	-	-	-
Unsecured loan advanced		-	-	-	(987)
Unsecured loan received		-	-	72,410	-
Net cash flows from investing activities		**(61,739)**	**8,226**	**(753)**	**(987)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		916	-	916	-
Dividends paid		(28,731)	(12,191)	(28,731)	(12,191)
Proceeds from borrowings		94	-	-	-
Lease payments		(61)	-	-	-
Net cash flows from financing activities		**(27,782)**	**(12,191)**	**(27,815)**	**(12,191)**
Net increase in cash held		**(43,242)**	**47,930**	**161**	**(957)**
Net foreign exchange differences		(962)	-	-	-
Cash and cash equivalents at beginning of year		104,363	56,433	14	971
Cash and cash equivalents at end of year	18(b)	**60,159**	**104,363**	**175**	**14**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2008

Consolidated	Contributed Equity $'000	Employee Equity Benefits Reserve $'000	Foreign Currency Translation Reserve $'000	Investment Reserve $'000	Retained Earnings $'000	Total Equity $'000
At 1 July 2007	**1,846**	**1,088**	**(10)**	**(35)**	**26,549**	**29,438**
Foreign currency translation differences	-	-	(532)	-	-	(532)
Fair value movement	-	-	-	(117)	-	(117)
Income tax	-	-	-	35	-	35
Total income and expense for the year recognised directly in equity	-	-	(532)	(82)	-	(614)
Net profit for the year	-	-	-	-	34,452	34,452
Total income/expense for the year	**-**	**-**	**(532)**	**(82)**	**34,452**	**33,838**
Equity transactions:						
Dividends paid	-	-	-	-	(28,731)	(28,731)
Share-based payment	-	946	-	-	-	946
Shares issued	20,475	-	-	-	-	20,475
At 30 June 2008	**22,321**	**2,034**	**(542)**	**(117)**	**32,270**	**55,966**

Consolidated	Contributed Equity $'000	Employee Equity Benefits Reserve $'000	Foreign Currency Translation Reserve $'000	Investment Reserve $'000	Retained Earnings $'000	Total Equity $'000
At 1 July 2006	**1,760**	**-**	**21**	**(80)**	**12,340**	**14,041**
Foreign currency translation differences	-	-	(31)	-	-	(31)
Fair value movement	-	-	-	30	-	30
Income tax	-	-	-	15	-	15
Total income and expense for the year recognised directly in equity	-	-	(31)	45	-	14
Net profit for the year	-	-	-	-	26,400	26,400
Total income/expense for the year	**-**	**-**	**(31)**	**45**	**26,400**	**26,414**
Equity transactions:						
Dividends paid	-	-	-	-	(12,191)	(12,191)
Share-based payment	-	1,088	-	-	-	1,088
Employee share scheme issue	86	-	-	-	-	86
At 30 June 2007	**1,846**	**1,088**	**(10)**	**(35)**	**26,549**	**29,438**

The accompanying notes form part of these financial statements.

For the Year Ended 30 June 2008

Parent Entity	Contributed Equity $'000	Employee Equity Benefits Reserve $'000	Retained Earnings $'000	Total Equity $'000
At 1 July 2007	**1,846**	**1,088**	**311**	**3,245**
Total income and expense for the year recognised directly in equity				
Net profit for the year	-	-	28,796	28,796
Total income/expense for the year	**-**	**-**	**28,796**	**28,796**
Equity transactions:				
Dividends paid	-	-	(28,731)	(28,731)
Share-based payment	-	946	-	946
Shares Issued	20,475	-	-	20,475
At 30 June 2008	**22,321**	**2,034**	**376**	**24,731**

Parent Entity	Contributed Equity $'000	Employee Equity Benefits Reserve $'000	Retained Earnings $'000	Total Equity $'000
At 1 July 2006	**1,760**	**-**	**290**	**2,050**
Total income and expense for the year recognised directly in equity				
Net profit for the year	-	-	12,212	12,212
Total income/expense for the year	**-**	**-**	**12,212**	**12,212**
Equity transactions:				
Dividends paid	-	-	(12,191)	(12,191)
Share-based payment	-	1,088	-	1,088
Employee share scheme issue	86	-	-	86
At 30 June 2007	**1,846**	**1,088**	**311**	**3,245**

The accompanying notes form part of these financial statements.

1. CORPORATE INFORMATION

The financial report of Wotif.com Holdings Limited (the **Company**) for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of Directors made on 27 August 2008.

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

The Company's (and its controlled entities'—see Note 19) (the **Consolidated Entity**) operations and principal activity is the provision of online travel booking services.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and applicable Australian Accounting Standards and other mandatory professional reporting requirements. It has been prepared on a historical cost basis, except for available-for-sale investments, which have been measured at fair value. The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below.

Reference	Title	Summary	Application Date of Standard*	Impact on Company Financial Report	Application Date for Company*
AASB Int. 12 and AASB 2007-2	Service Concession Arrangements and consequential amendments to other Australian Accounting Standards	Clarifies how operators recognise the infrastructure as a financial asset and/or an intangible asset – not as property, plant and equipment.	1 January 2008	Unless the Group enters into service concession arrangements or public-private-partnerships (PPP), the amendments are not expected to have any impact on the Group's financial report.	1 July 2008
AASB Int. 4 (Revised)	Determining whether an Arrangement contains a Lease	The revised Interpretation specifically scopes out arrangements that fall within the scope of AASB Interpretation 12.	1 January 2008	Refer to AASB Int. 12 and AASB 2007-2 above.	1 July 2008
AASB Int. 129	Service Concession Arrangements: Disclosures	Requires disclosure of provisions or significant features necessary to assist in assessing the amount, timing and certainty of future cash flows and the nature and extent of the various rights and obligations involved. These disclosures apply to both grantors and operators.	1 January 2008	Refer to AASB Int. 12 and AASB 2007-2 above.	1 July 2008
AASB Int. 13	Customer Loyalty Programmes	Deals with the accounting for customer loyalty programmes, which are used by companies to provide incentives to their customers to buy their products or use their services.	1 July 2008	The Group does not currently have any customer loyalty programmes in place and as such this interpretation is not expected to have any impact on the Group's financial report.	1 July 2008
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New standard replacing AASB 114 Segment Reporting, which adopts a management reporting approach to segment reporting.	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements, although it may indirectly impact the level at which goodwill is tested for impairment. In addition, the amendments may have an impact on the Group's segment disclosures.	1 July 2009
AASB 123 (Revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised.	1 January 2009	These amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. The Group has no borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the Group's financial report.	1 July 2009

Reference	Title	Summary	Application Date of Standard*	Impact on Company Financial Report	Application Date for Company*
AASB 101 (Revised) and AASB 2007-8	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	These amendments are only expected to affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Group has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.	1 July 2009
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations	The amendments clarify the definition of 'vesting conditions', introducing the term 'non-vesting conditions' for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009	The Group has share-based payment arrangements that may be affected by these amendments. However, the Group has not yet determined the extent of the impact, if any.	1 July 2009
AASB 2008-5 & AASB 2008-6	Amendments to Australian Accounting Standards arising from the Annual Improvements Project Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part 1 deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact.	1 January 2009 1 July 2009	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009

Reference	Title	Summary	Application Date of Standard*	Impact on Company Financial Report	Application Date for Company*
AASB 2008-7	Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The main amendments of relevance to Australian entities are those made to AASB 127 deleting the 'cost method' and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (i.e., parent company accounts). The distinction between pre- and post-acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment. AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value (An issue sometimes known as a "dividend trap" in newcos).	1 January 2009	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009
Amendments to International Financial Reporting Standards	Eligible Hedged Items	To clarify how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations.	1 July 2009	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009

* Designates the beginning of the applicable annual reporting period unless otherwise stated

(c) Revenue recognition

Operating revenue

The principal business of the Consolidated Entity is the earning of a margin from the sale of accommodation, flights and travel-related services over the internet.

Accommodation revenue

Hotel inventory (room nights) is displayed on the website for sale at the hotels' discretion. When bookings are made they are paid for immediately by customers using their credit cards as verified by an online merchant facility. The Consolidated Entity recognises the revenue when customers have commenced their stay at hotels.

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

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

Flights and travel-related services revenue

Revenue from services rendered is recognised in the profit or loss on issue of the ticket or voucher to the passenger. Revenue from airline overrides are 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 profit or loss 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 equivalents to International Financial Reporting Standards (**AIFRS**).

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.

(d) Basis of consolidation

Wotif.com Holdings Limited controls entities where it has the capacity to dominate the decision-making in relation to the financial and operating policies of those entities so that they operate to achieve the objectives of Wotif.com Holdings Limited. A list of controlled entities is contained in Note 19 to the financial statements.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies.

All inter-company balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation. Where controlled entities have entered or left the Consolidated Entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

On 25 June 2008 a Deed of Cross Guarantee (the **Deed**) was entered into between Wotif.com Holdings Limited and certain of its wholly-owned subsidiaries, being Wotif.com Pty Ltd, travel.com.au Limited, lastminute.com.au Pty Limited and Arnold Travel Technology Pty Ltd. The Deed (which was lodged with ASIC on 26 June 2008) makes the closed group of companies that are parties to the Deed akin to a single legal entity in many respects (including each party guaranteeing the debts of the others).

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".

(e) Intangible assets

Goodwill

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

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

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.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates.

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 matter is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Information Technology (IT) Costs

The Consolidated Entity's business is based on a total business technology solution encompassing customer and supplier interface, accounting for receipts and payments to hotels, airlines, inventory and management solutions. Invariably new business initiatives generating revenue, cost savings and capacity expansion require IT spending. The fundamental purpose of IT development is to better place the Consolidated Entity in a position to adopt new technologies, new products and features.

IT Development Costs that relate to the acquisition of an asset, to the extent that they represent probable future economic benefits controlled by the Consolidated Entity that can be reliably measured, are capitalised and amortised within the period of expected benefit, generally up to 3 years. In the reporting period, all IT Development Costs have been capitalised and amortised within the reporting year.

IT costs incurred on research, advertising, marketing management, maintenance, and day-to-day enhancements of all IT applications are charged as an expense in the period that they are incurred.

Intangibles

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss 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.

(f) Taxation

(i) Income tax

Deferred income tax is provided on all temporary differences at the Balance Sheet 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:

– where the deferred income tax liability 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; and

– in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each Balance Sheet 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.

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 Balance Sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Income Statement.

(ii) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST/VAT except where:

– the GST/VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– receivables and payables are stated with the amount of GST/VAT included.

The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Cash Flow Statement 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.

(g) 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.

(h) 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 Balance Sheet date. All translation differences arising from transactions are taken directly to the Income Statement.

Translation of financial reports 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 (Thailand baht)
Investment in Hong Kong subsidiary	HKD (Hong Kong dollars)

As at the reporting date, the assets and liabilities of overseas subsidiaries and branches are translated into the presentation currency of Wotif.com Holdings Limited at the rate of exchange ruling at the Balance Sheet date, and the Income Statements are translated at the weighted average exchange rates for the period. 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.

(i) Employee benefits

A provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries and annual leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee entitlements expected to be settled within 12 months of the reporting date are measured at their nominal amounts.

Employee entitlement expenses arising in respect of the following categories:

– wages and salaries, non-monetary benefits, annual leave, sick leave and other leave entitlements; and

– other types of employee entitlements,

are recognised against profit on a net basis in their respective categories.

A liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds.

(j) 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.

(k) Cash and cash equivalents

Cash and short-term deposits in the Balance Sheet comprise cash at bank and in hand and short-term deposits with a maturity of 3 months or less.

(l) Provisions

(i) Provision for dividends

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

(ii) Provisions – general

Provisions are recognised when there is 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.

(m) 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.

(n) Comparative information

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

(o) 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).

(p) 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.

(q) 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.

(r) Share-based payment transactions

The Company provides benefits to employees of the Consolidated Entity in the form of share-based payment transactions (**equity-settled transactions**). Details of these benefits are included in the Remuneration Report contained within the Directors' Report (see page 23).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial option pricing model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (**market conditions**) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the **vesting period**).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Consolidated Entity's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at each instrument's grant date. The Income Statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(s) 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.

(t) Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(u) Significant accounting judgement estimates and assumptions

(i) Significant accounting judgements

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

(ii) Significant accounting estimates and assumptions

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

3. REVENUE & EXPENSE

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
(a) Specific Items				
Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:				
(i) Revenue				
Interest received/receivable – other parties	4,952	5,009	-	32
Dividends received – related entities	-	-	28,731	12,191
Flights and other revenue	5,589	35	-	-
Total	**5,589**	**35**	**28,731**	**12,191**
(ii) Operational and administration expenses				
Credit card commission	10,313	7,976	-	-
Amortisation of IT Development Costs*	3,905	3,367	-	-
Web maintenance costs	4,746	2,361	-	-
Depreciation	884	188	-	-
Foreign exchange loss and currency conversion fees	1,533	657	-	-
Loss on disposal of property, plant & equipment	-	107	-	-
Audit fees (see Note 23)	273	154	-	-
Rent and outgoings	400	487	-	-
Share-based payments expenses	946	1,174	-	-
Interest – other parties	109	-	-	-
Financial expense on capitalised leases	19	-	-	-
Administration employment expenses including directors' costs	4,346	3,265	-	-
Other expenses	1,832	1,716	2	2
Total	**29,306**	**21,452**	**2**	**2**
(iii) Employee benefits expense				
Wages and salaries (excluding IT development employees' wages and salaries capitalised)	12,506	8,635	-	-
Share-based payments expense	946	1,174	-	-
Total	**13,452**	**9,809**	**-**	**-**

* This includes IT development wages and salary costs of $3,905,000 (FY2007: $3,202,000) and IT development contractor costs of $Nil (FY2007: $165,000)

4. INCOME TAX

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
The major components of income tax expense are:				
Income Statement				
Current income tax				
- Current income tax charge	14,514	11,945	-	9
- Adjustments in respect of current income tax of previous year	(67)	68	(67)	-
Deferred income tax				
- Relating to origination and reversal of temporary differences	54	(489)	-	-
Income tax expense reported in the Income Statement	**14,501**	**11,524**	**(67)**	**9**
Amounts charged or credited directly to equity				
Deferred income tax related to items charged or credited directly to equity				
Unrealised loss on available for sale investment	(35)	(15)	-	-
Income tax expense reported in equity	**(35)**	**(15)**	**-**	**-**

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	48,953	37,924	28,729	12,221
At the Consolidated Entity's statutory income tax rate of 30%	14,686	11,377	8,619	3,666
Adjustments in respect of current income tax of previous years	(66)	68	(66)	-
Research and development concession deduction	(260)	(253)	-	-
Foreign exchange and other translation adjustment	(8)	(11)	-	-
Foreign tax rate adjustment	(63)	(9)	-	-
Other	6	-	(1)	-
Share-based payment expense	284	352	-	-
Previously unrecognised tax losses used now recouped to reduce current tax expense	(78)	-	-	-
Non-assessable dividends	-	-	(8,619)	(3,657)
Income tax expense	**14,501**	**11,524**	**(67)**	**9**

Consolidated

	Balance Sheet		Income Statement	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Deferred income tax				
Deferred income tax at 30 June relates to the following:				
Deferred income tax liabilities				
Interest accrued not received	2	21	19	25
Gross deferred tax liabilities	2	21		
Set off of deferred tax assets	(2)	(21)		
Net deferred tax liabilities	-	-		
Deferred income tax asset				
Tax Losses	7,673	-	-	-
Accrued expenses	240	383	(142)	281
Provisions	360	183	177	183
Available for sale investment	50	15	-	-
Gross deferred tax assets	8,323	581		
Set off of deferred tax liabilities	(2)	(21)		
Net deferred tax assets	8,321	560		
Deferred tax income			54	489

Parent Entity

	Balance Sheet		Income Statement	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Deferred income tax				
Deferred income tax at 30 June relates to the following:				
Deferred income tax liabilities	-	-	-	-
Deferred income tax asset	-	-	-	-

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 balance 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* using the separate taxpayer within a group method.

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		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
(a) Dividend paid				
Final franked dividend for 2007: 8 cents (2006 final: 1 cent)	16,256	2,032	16,256	2,032
Interim franked dividend for 2008: 6 cents (2007 interim: 5 cents)	12,475	10,159	12,475	10,159
	28,731	**12,191**	**28,731**	**12,191**
(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%	8,647	6,849	8,647	6,849
- franking that will arise from the payment of income tax as at the end of the period	4,216	4,439	4,216	4,439
	12,863	**11,288**	**12,863**	**11,288**
(c) Dividends proposed and not recognised as a liability				
2008: 9 cents fully franked (2007: 8 cents fully franked)	18,729	16,256	18,729	16,256
	18,729	**16,256**	**18,729**	**16,256**

At the meeting of the Company's Board on 27 August 2008, the Directors declared a fully franked dividend on ordinary shares of 9 cents per share in respect of the period to 30 June 2008. In accordance with Accounting Standards, the total amount of this final dividend of $18,729,490 has not been provided for in the 30 June 2008 Financial Statements.

6. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Cash at bank	47,952	70,616	175	14
Bank term deposits maturing within 3 months	2,962	33,747	-	-
Client funds account	9,245	-	-	-
	60,159	**104,363**	**175**	**14**

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		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Trade debtors	4,562	1,749	-	-
Prepayments	644	173	-	-
Loan to controlled entity, unsecured	-	-	-	6,183
	5,206	**1,922**	**-**	**6,183**

Trade receivables, principally amounts owing from credit card companies, generally settle within 5 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 2008 and 30 June 2007 all consolidated trade receivables were aged within 0-30 days. No receivables were past due not impaired.

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security.

8. NON-CURRENT ASSETS – RECEIVABLES

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Loan to other parties, secured	107	-	107	-
	107	**-**	**107**	**-**

This loan bears interest at 8.5% p.a.

9. NON-CURRENT ASSETS – INVESTMENTS IN SUBSIDIARIES

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Investment in controlled entities – at cost (Note 19)	-	-	98,053	1,487
	-	**-**	**98,053**	**1,487**

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

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Land & buildings				
Freehold land – at cost	790	790	-	-
Buildings – at cost	1,804	1,624	-	-
Less: Accumulated depreciation	(56)	(7)	-	-
	2,538	2,407	-	-
Plant and equipment—at cost	8,083	2,266	-	-
Less: accumulated depreciation	(3,268)	(686)	-	-
	4,815	1,580	-	-
Total property, plant and equipment	**7,353**	**3,987**	**-**	**-**

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

	Consolidated			
	Freehold Land $'000	Freehold Buildings $'000	Plant & Equipment $'000	Total $'000
Year end 30 June 2008				
Balance at 1 July 2007	790	1,617	1,580	3,987
Exchange difference	-	-	(127)	(127)
Additions	-	-	2,242	2,242
Acquisition of subsidiary	-	173	1,962	2,135
Disposals at written down value	-	-	-	-
Depreciation	-	(42)	(842)	(884)
Balance at end of year	**790**	**1,748**	**4,815**	**7,353**
Year end 30 June 2007				
Balance at 1 July 2006	-	-	876	876
Additions	790	1,624	992	3,406
Disposals at written down value	-	-	(107)	(107)
Depreciation	-	(7)	(181)	(188)
Balance at end of year	**790**	**1,617**	**1,580**	**3,987**

11. NON-CURRENT ASSETS - INTANGIBLE ASSETS AND GOODWILL

Consolidated Year Ended 30 June 2008	IT Development Costs $'000	Trademark & Brand names $'000	Domain Name $'000	Customer contracts $'000	Goodwill $'000	Total $'000
At 1 July 2007 net of accumulated amortisation and impairment	-	-	-	-	-	-
Additions – internal development	3,905	-	-	-	-	3,905
Acquisition of subsidiaries	-	14,039	216	690	69,132	84,077
Amortisation	(3,905)	-	(12)	-	-	(3,917)
At 30 June 2008 net of accumulated amortisation and impairment	-	14,039	204	690	69,132	84,065
At 30 June 2008						
Cost (gross carrying amount)	13,370	14,039	306	690	69,132	97,537
Accumulated amortisation and impairment	(13,370)	-	(102)	-	-	(13,472)
Net carrying amount	**-**	**14,039**	**204**	**690**	**69,132**	**84,065**

Consolidated Year Ended 30 June 2007	IT Development Costs $'000	Trademark & Brand names $'000	Domain Name $'000	Customer contracts $'000	Goodwill $'000	Total $'000
At 1 July 2006 net of accumulated amortisation and impairment	-	-	-	-	-	-
Additions – internal development	3,367	-	-	-	-	3,367
Acquisition of subsidiaries	-	-	-	-	-	-
Amortisation	(3,367)	-	-	-	-	(3,367)
At 30 June 2007 net of accumulated amortisation and impairment	-	-	-	-	-	-
At 30 June 2007						
Cost (gross carrying amount)	8,487	-	-	-	-	8,487
Accumulated amortisation and impairment	(8,487)	-	-	-	-	(8,487)
Net carrying amount	**-**	**-**	**-**	**-**	**-**	**-**

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

(i) IT development costs

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

(ii) Trademark and brand names

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

(iii) Domain name

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

(iv) Customer contract

The customer contracts have been acquired through a business combination and are carried at cost less accumulated amortisation. This intangible asset has been assessed as having a finite life and is amortised using the straight line method over a period of 3 years.

(v) Goodwill

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

No impairment losses have been recognised.

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

– travel.com.au Limited Group; and

– Asia Web Direct Group.

(b) Carrying amount of goodwill, trademarks and brand names allocated to each of the cash-generating units

The carrying amounts of goodwill and trademark and brand names allocated to the travel.com.au Limited and Asia Web Direct (HK) Limited units are significant as shown in the table below.

	Consolidated						Parent	
	travel.com.au unit		Asia Web Direct (HK) unit		Total		Total	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Carrying amount of goodwill	37,792	-	31,340*	-	69,132	-	-	-
Carrying amount of trademarks and brand names with indefinite lives	14,039	-	-	-	14,039	-	-	-

* Recorded amounts for Asia Web Direct (HK) Limited are provisional (refer Note 20)

(c) Key assumptions used in value in use calculations for the travel.com.au Limited and the Asia Web Direct (HK) Limited cash-generating units for 30 June 2008

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

Gross margins

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

Discount rates

Discount rates reflect management's estimate of the time value of money and the risks specific to each unit that are not already reflected in the cash flows. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates for each unit, regard has been given to the weighted average cost of capital of the entity as a whole and adjusted for country and business risks specific to the unit.

Market share and growth rate assumptions

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

12. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Amounts due in relation to bookings made	71,983	58,319	-	-
Trade creditors and accruals	8,783	3,745	3,013	-
Unearned revenue	2,356	1,702	-	-
Deposits received not yet due	20,211	13,515	-	-
Loan from controlled entities - unsecured	-	-	66,375	-
	103,333	**77,281**	**69,388**	**-**

13. INTEREST BEARING LIABILITIES

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current				
Lease liability	109	-	-	-
	109	**-**	**-**	**-**
Non-current				
Redeemable preference shares (see Note 19)	94	-	-	-
Lease liability	139	-	-	-
	233	**-**	**-**	**-**

There is no security over lease liabilities and repayment is over three years at interest rates between 7.58% and 8.41%.

14. PROVISIONS

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current				
Employee benefits	915	506	-	-
Make good provision	136	-		
	1,051	**506**	**-**	**-**
Non-current				
Employee benefits	233	104	-	-
	233	**104**	**-**	**-**

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 there of at the date the company took possession thereof.

15. CONTRIBUTED EQUITY

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
208,105,444 (2007: 203,204,038) fully paid ordinary shares	22,321	1,846	22,321	1,846
	22,321	**1,846**	**22,321**	**1,846**

	Consolidated		Parent Entity	
	Shares	$'000	Shares	$'000
Movement in ordinary shares on issue				
At 1 July 2006	203,184,000	1,760	203,184,000	1,760
Employee share scheme issue (26 March 2007)	20,038	86	20,038	86
At 1 July 2007	203,204,038	1,846	203,204,038	1,846
Employee options exercised	457,800	915	457,800	915
Asia Web Direct (HK) Limited Acquisition – shares issued	3,607,595	15,657	3,607,595	15,657
travel.com.au Limited Acquisition – shares issued	836,011	3,903	836,011	3,903
At 30 June 2008	**208,105,444**	**22,321**	**208,105,444**	**22,321**

Capital management

When managing capital, the Group's objective is to ensure the entity continues as a going concern as well as maintaining optimal returns to shareholders and benefits for other stakeholders. The Group also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Group is constantly reviewing its capital structure to take advantage of favourable costs of capital or high return on assets. As the market is constantly changing, the Group may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce liabilities.

During 2008, dividends of $28,731,000 (2007: $12,191,000) were paid. The Company's stated dividend policy is to maintain an 80%-90% payout ratio.

The Group is not subject to any externally imposed capital requirements

16. RESERVES

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Investment reserve				
Balance at the beginning of the year	(35)	(80)	-	-
Unrealised gain / (loss) on investment	(117)	30	-	-
Income tax	35	15	-	-
Balance at end of year	**(117)**	**(35)**	**-**	**-**
Foreign currency translation reserve				
Balance at the beginning of the year	(10)	21	-	-
Currency translation differences	(532)	(31)	-	-
Balance at end of year	**(542)**	**(10)**	**-**	**-**
Employee equity benefits reserve				
Balance at the beginning of the year	1,088	-	1,088	-
Share-based payment	946	1,088	946	1,088
Balance at end of year	**2,034**	**1,088**	**2,034**	**1,088**
Total Reserves	**1,375**	**1,043**	**2,034**	**1,088**

17. RELATED PARTY DISCLOSURES

Wholly-owned Consolidated Entity transactions

The ultimate Australian parent entity in the wholly-owned Consolidated Entity is Wotif.com Holdings Limited.

During the year various inter-company transactions were undertaken between companies in the wholly-owned Consolidated Entity. These transactions were undertaken on a no net margin basis. The effect of these transactions is fully eliminated on consolidation.

All inter-company balances, payable and receivable, are on an "arm's length" basis with standard terms and conditions.

Other related party transactions

Rent

Rent for the period of $Nil (30 June 2007: $178,561) was paid to a related unit trust (Standby Property Trust). The beneficiaries of the trust include RAC Brice (a Director), GT Wood (a Director), KM Fitzpatrick (a former Director), L Brazil (a former Director) and S Friend (a former executive of the Consolidated Entity). The rent was determined on normal commercial terms.

Other

During the year ended 30 June 2008 accounting and taxation services have been provided by Anthony Hallam Chartered Accountant $2,500 (30 June 2007: $38,740). RAC Brice (a Director) acts as a consultant to Anthony Hallam Chartered Accountant. Accounting fees are determined on normal commercial terms and conditions.

18. CASH FLOW STATEMENT RECONCILIATION

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
(a) Reconciliation of the net profit to the net cash flows from operations:				
Net profit	34,452	26,400	28,795	12,212
Depreciation of non-current assets	884	188	-	-
Amortisation of non-current assets	3,905	3,367	-	-
Net loss on disposal of property, plant & equipment	-	107	-	-
Net exchange differences	7	(30)	-	-
Employee share scheme issue	-	86	-	-
Share options expensed	946	1,088	-	-
Withholding tax paid by subsidiaries	91	-	-	-
Income tax recognised directly in equity	35	15	-	-
Changes in assets and liabilities net of effect from acquisition of controlled entities				
(Decrease)/increase in provisions	35	265	-	-
(Increase)/decrease in trade receivables and prepayments	(390)	(55)	-	(4,408)
(Decrease)/increase in trade creditors and accruals	6,326	18,221	(66)	-
(Decrease)/increase in income tax payable	67	2,747	-	4,417
(Increase)/decrease in deferred income tax asset	(79)	(504)	-	-
Net cash flows from operating activities	**46,279**	**51,895**	**28,729**	**12,221**
(b) Reconciliation of cash				
Cash at bank	57,197	70,616	175	14
Term deposits at call	2,962	33,747	-	-
	60,159	**104,363**	**175**	**14**
(c) Non-cash financing and investing activities				
Settlement of subsidiary purchases with share (see Note 20)	19,560	-	19,560	-

19. SUBSIDIARIES

The consolidated financial statements include the financial statement of Wotif.com Holdings Limited and the subsidiaries in the following table:

	Country of Incorporation	Class of Shares	Equity Interest	
			2008	2007
Wotif.com Pty Ltd*	Australia	Ordinary	**100%**	**100%**
Standby Holdings Pty Ltd	Australia	Ordinary	**100%**	**100%**
Wotif.com Ltd	United Kingdom	Ordinary	**100%**	**100%**
Wotif.com Inc	Canada	Ordinary	**100%**	**100%**
Wotif.com Pte Ltd	Singapore	Ordinary	**100%**	**100%**
Wotif.com LLC	Delaware, USA	Ordinary	**100%**	**100%**
Wotif.com Sdn. Bhd.	Malaysia	Ordinary	**100%**	**100%**
Wotif.com (NZ) Ltd	New Zealand	Ordinary	**100%**	**-**
travel.com.au Limited*	Australia	Ordinary	**100%**	**-**
Lastminute.com.au Pty Limited*	Australia	Ordinary	**100%**	**-**
Arnold Travel Technology Pty Limited*	Australia	Ordinary	**100%**	**-**
The Travel Specialists Pty Limited	Australia	Ordinary	**100%**	**-**
iExplore.com.au Pty Limited	Australia	Ordinary	**100%**	**-**
Travelfree Australasia Pty Limited	Australia	Ordinary	**85%**	**-**
Asia Web Direct (HK) Limited and its subsidiaries:	Hong Kong	Ordinary	**100%**	**-**
- Asia Web Direct (M) Sdn Bhd	Malaysia	Ordinary	**100%**	**-**
- SmartStays Pte Ltd	Singapore	Ordinary	**100%**	**-**
- SmartStays (UK) Ltd	United Kingdom	Ordinary	**100%**	**-**
- AWD - BT Ltd** and its subsidiaries:	Thailand	Ordinary	**100%**	**-**
- Asia Web Direct Co., Ltd	Thailand	Ordinary	**100%**	**-**
- Phuket Dot Com Limited	Thailand	Ordinary	**100%**	**-**
- Andaman Graphics Co., Ltd	Thailand	Ordinary	**100%**	**-**
- E.T.C. Asia Co., Ltd	Thailand	Ordinary	**100%**	**-**

* 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 13.

20. BUSINESS COMBINATIONS

Acquisition of travel.com.au Limited

On 1 October 2007, Wotif.com Holdings Limited announced its intention to make an off-market takeover bid for 100% of travel.com.au Limited (**TVL**). TVL was a listed public company in Australia and operates the www.travel.com.au and www.lastminute.com.au websites, which offer travel and lifestyle services as well as Arnold Travel Technology, a developer and supplier of online travel booking technology.

On 21 December 2007, Wotif.com Holdings Limited announced that it had received acceptances of 82% from existing TVL shareholders and thus TVL was consolidated from that time. Subsequently compulsory acquisition of all remaining stock began on 30 January 2008 following receipt of 97.5% acceptances.

The total cost of the combination was $59,564,000 and comprised an issue of ordinary shares, payment of cash and directly attributable costs. The Group issued 690,512 shares with fair value of $4.70, 6,870 shares with fair value of $4.25 and 138,629 shares with fair value of $4.53. Fair value of each was based on the quoted price of Wotif.com Holdings Limited.

The fair value of identifiable assets and liabilities of TVL as at the date of acquisition were:

	Consolidated	
	Recognised on Acquisition $000	Carrying value $000
Property, plant and equipment	1,224	1,224
Cash and cash equivalents	8,564	8,564
Trade receivables	2,035	2,035
Intangible – trademark	359	359
Deferred tax assets	7,673	-
Brands	13,680	-
Customer contracts	690	-
Trade and other payables	(11,511)	(11,511)
Interest bearing liabilities	(309)	(309)
Provisions	(633)	(633)
Fair value of identifiable net assets	21,772	
Goodwill arising on acquisition	37,792	
	59,564	
Cost of the combination:		
Shares issued at fair value	3,903	
Cash paid	54,430	
Direct costs relating to acquisition	1,231	
Total cost of the combination	59,564	
The cash outflow on acquisition is as follows:		
Net cash acquired with subsidiary	8,564	
Cash paid	(55,661)	
Net consolidated cash outflow	47,097	

From the date of acquisition TVL has contributed $986,000 to the net profit of the Group.

If the combination had taken place at the beginning of the year, the net profit for the Group would have been $31,729,000 and total revenue would have been $101,564,000.

Acquisition of Asia Web Direct

On 4 February 2008, Wotif.com Holdings Limited announced it had entered into an agreement to acquire all the issued shares of Asia Web Direct (HK) Limited, following completion of satisfactorily due diligence. Completion occurred on 29 February 2008.

The Asia Web Direct group was one of the pioneers in South East Asia to provide:

- Online instant accommodation booking services
- Online tours booking services
- Online travel information

The total cost of the combination was $36,056,000 and comprised an issue of ordinary shares, payment of cash and directly attributable costs as well as a working capital adjustment. The Group issued 3,607,595 ordinary shares with a fair value of $4.34 each based on the quoted price of the shares of Wotif.com Holdings Limited.

The fair value of the purchased assets and liabilities has yet to be determined at reporting date, and as such recorded amounts are provisional. Wotif.com Holdings Limited consolidated 100% of the recorded value of assets and liabilities of Asia Web Direct at the date of acquisition being:

	Consolidated $'000
Property, plant and equipment	911
Cash and cash equivalents	8,643
Trade receivables	1,653
Intangible – domain name	216
Deferred tax assets	9
Trade and other payables	(6,032)
Income tax payable	(684)
Total	4,716
Goodwill / unallocated asset arising on acquisition	31,340
	36,056
Cost of the combination:	
Shares issued at fair value	15,657
Cash paid	20,044
Direct costs relating to acquisition	355
Total cost of the combination	36,056
The cash outflow on acquisition is as follows:	
Net cash acquired with subsidiary	8,643
Cash paid	(20,399)
Net consolidated cash outflow	11,756

From the date of acquisition Asia Web Direct has contributed $574,000 to the net profit of the Group.

If the combination had taken place at the beginning of the year, the net profit for the Group would have been $36,090,000 and total revenue would have been $99,231,000.

21. DEED OF CROSS GUARANTEE

Pursuant to Class Order 98/1418, relief has been granted to Wotif.com Pty Ltd, travel.com.au Limited, lastminute.com.au Pty Limited and Arnold Travel Technology Pty Limited from the *Corporations Act 2001*, requirements for preparation, audit and lodgement of their financial reports.

As a condition of the Class Order, Wotif.com Holdings Limited, Wotif.com Pty Ltd, travel.com.au Limited, lastminute.com.au Pty Limited and Arnold Travel Technology Pty Limited (the **Closed Group**) entered into a Deed of Cross Guarantee on 25 June 2008. 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 consolidated income statement and balance sheet of the entities that are members of the Closed Group are as follows:

Consolidated Income Statement

	Closed Group 2008 $'000
TOTAL TRANSACTION VALUE	**727,218**
Accommodation revenue	81,361
Flights & other revenue	5,421
Interest received and receivable	4,927
Total revenue	**91,709**
Advertising and marketing expenses	9,851
Business development expenses	4,288
Operations and administration expenses	29,413
Total expenses	**43,552**
PROFIT BEFORE INCOME TAX	**48,157**
Income tax expense	14,333
NET PROFIT	**33,824**

Consolidated Balance Sheet

	Closed Group 2008 $'000
CURRENT ASSETS	
Cash and cash equivalents	52,314
Trade and other receivables	4,494
TOTAL CURRENT ASSETS	**56,808**
NON-CURRENT ASSETS	
Deferred income tax asset	8,313
Receivables	107
Available for sale investment	833
Investments in subsidiaries	36,455
Property, plant and equipment	6,596
Intangible assets	52,521
TOTAL NON-CURRENT ASSETS	**104,826**
TOTAL ASSETS	**161,634**
CURRENT LIABILITIES	
Trade and other payables	99,902
Interest bearing liabilities	109
Income tax payable	4,704
Provisions	1,028
TOTAL CURRENT LIABILITIES	**105,743**
NON-CURRENT LIABILITIES	
Interest bearing liabilities	139
Deferred income tax liabilities	-
Provisions	233
TOTAL NON-CURRENT LIABILITIES	**372**
TOTAL LIABILITIES	**106,115**
NET ASSETS	**55,519**
EQUITY	
Contributed equity	22,321
Retained earnings	31,304
Reserves	1,894
TOTAL EQUITY	**55,519**

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Consolidated Entity's principal financial instruments are cash and short-term deposits. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset are disclosed in Note 23.

The Board reviews and agrees policies for managing each of these risks.

Cash flow interest rate risk

The Consolidated Entity's exposure to the risk of changes in market interest rates relates primarily to the Consolidated Entity'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 2008 the Group had the following exposures to interest rate risk that are not designated in cash flow hedges:

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Cash and cash equivalents	60,159	104,363	175	14
Net exposure	60,159	104,363	175	14

At 30 June 2008, 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 $421,000 higher/lower as a result of higher/lower income from cash and cash equivalents.

	Post tax profit Higher/(lower)		Equity Higher/(lower)	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Consolidated				
+1% (100 basis points)	421	731	421	731
-1% (100 basis points)	(421)	(731)	(421)	(731)
Parent				
+1% (100 basis points)	1	-	1	-
-1% (100 basis points)	(1)	-	(1)	-

Foreign currency risk

As at 30 June 2008, the Group had the following exposure to foreign currencies that are not designated in cash flow hedges:

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Financial Assets				
Cash and cash equivalents	21,788	24,398	-	-
Trade & other receivables	1,103	759	-	-
	22,891	25,157	-	-
Financial Liabilities				
Trade and other payables	17,822	13,415	-	-
Interest bearing liabilities	94	-	-	-
	17,916	13,415	-	-
Net exposure	4,975	11,742	-	-

The Consolidated Entity has transactional currency exposure arising from it selling accommodation inventory in 13 different currencies which is dependent upon the geographical location of the accommodation concerned. The Consolidated Entity 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 Consolidated Entity manages its foreign currency exposure by maintaining sufficient foreign currency reserves to match the actual foreign currency liabilities. As approximately 82% of the Group's sales are denominated in Australian Dollars, the residual foreign exchange risks faced by the Group are not considered to be material. The Board has resolved that the risk of exchange rate change should not be hedged.

As at 30 June 2008, had the Australian dollar moved, as illustrated in the table below, all other variables held constant, post-tax profit and equity would have been affected as follows:

	Post tax profit Higher/(lower)		Equity Higher/(lower)	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Consolidated				
Actual as at 30 June	34,452	26,400	55,966	29,438
AUD increases against all currencies 5%	(59)	(3)	(466)	(28)
AUD decreases against all currencies 5%	65	3	515	31
AUD increases against all currencies 10%	(112)	(6)	(890)	(54)
AUD decreases against all currencies 10%	137	7	1,087	66

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 5 days. It is the Consolidated Entity's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Consolidated Entity's exposure to bad debts is not considered to be significant.

There are no significant concentrations of credit risk within the Consolidated Entity.

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.

23. FINANCIAL INSTRUMENTS

Fair values

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

	2008 Carrying Amounts $'000	2008 Fair Values $'000	2007 Carrying Amounts $'000	2007 Fair Values $'000
Consolidated				
Financial assets				
Cash*	60,159	60,159	104,363	104,363
Trade receivables[1]	5,206	5,206	1,922	1,922
Financial assets (current)	**65,365**	**65,365**	**106,285**	**106,285**
Receivables[2]	107	107	-	-
Available for sale investments[3]	833	833	950	950
Financial assets (non-current)	**940**	**940**	**950**	**950**
Financial liabilities				
On Balance Sheet				
Trade and other payables[4]	103,333	103,333	77,281	77,281
Interest bearing liabilities	342	342	-	-
Total financial liabilities	**103,675**	**103,675**	**77,281**	**77,281**
* Reconciliation of cash				
Cash at bank	57,197	57,197	70,616	70,616
Bank term deposits maturing within 3 months	2,962	2,962	33,747	33,747
	60,159	**60,159**	**104,363**	**104,363**

1. Trade receivables, principally amounts owing from debit or credit card companies, which generally settle within 5 days.
2. Other loans are for an initial 2 year period subject to review by both parties.
3. This is represented by YIELDS2, which is a listed fund. YIELDS2 can be sold prior to maturity date, however, the value of the YIELDS2 could be substantially more or less than the initial amount invested. However, on maturity (being 6 December 2010), the initial capital of $10 per unit is protected.
4. Within 30 days after the end of each month, hotels are to submit proof of stay for payments due to them for accommodation provided for bookings accepted by the Consolidated Entity during that month.

	2008 Carrying amounts $'000	2008 Fair values $'000	2007 Carrying amounts $'000	2007 Fair values $'000
Parent Entity				
Financial assets				
Cash*	175	175	14	14
Trade receivables[1]	-	-	6,183	6,183
Financial assets (current)	**175**	**175**	**6,197**	**6,197**
Receivables[2]	107	107	-	-
Financial assets (non-current)	**107**	**107**	**-**	**-**
Financial liabilities				
On Balance Sheet				
Trade and other payables[1]	69,388	69,388	-	-
Total Financial liabilities	**69,388**	**69,388**	**-**	**-**
* Reconciliation of cash				
Cash at bank	175	175	14	14
Term deposits at call	-	-	-	-
	175	**175**	**14**	**14**

1. Loan to subsidiary.
2. Trade receivables, principally amounts owing from debit or credit card companies, which generally settle within 5 days.

24. SEGMENT INFORMATION

The Company operates in one business segment, being the provision of online travel booking services.

For the purpose of segment information, revenue is determined by the location of the accommodation rather than the residency of the customer. Expenses are determined by the location in which they are incurred.

Year ended 30 June 2008

By geographical region

	Aust/NZ[1] $'000	Asia[2] $'000	Rest of World $'000	Eliminations $'000	Total $'000
Accommodation revenue	74,031	6,441	2,983	-	83,455
Flights and other revenue	6,594	170	3	(1,178)	5,589
Interest	4,708	190	54	-	4,952
Total revenue	**85,333**	**6,801**	**3,040**	**(1,178)**	**93,996**
Expenses	35,760	3,787	1,885	(1,178)	40,254
Depreciation	794	90	-	-	884
Amortisation	3,905	-	-	-	3,905
Total expenses	**40,459**	**3,877**	**1,885**	**(1,178)**	**45,043**
Profit before income tax expense	**44,874**	**2,924**	**1,155**	**-**	**48,953**
Income tax expense	13,387	791	323	-	14,501
Net profit/(loss)	**31,487**	**2,133**	**832**	**-**	**34,452**
Assets	122,511	47,640	5,584	(9,691)	166,044
Liabilities	96,741	9,347	3,990	-	110,078

1. The Australia/NZ geographic region includes accommodation booked at properties located within Australia, New Zealand, Cook Islands, Fiji, Vanuatu and Papua New Guinea.
2. The Asian geographic region includes accommodation booked at properties located within Asia and French Polynesia.

Year ended 30 June 2007

By geographical region

	Aust/NZ[1] $'000	Asia[2] $'000	Rest of World $'000	Eliminations $'000	Total $'000
Accommodation revenue	57,597	2,384	2,285	-	62,266
Interest	4,769	209	31	-	5,009
Other	1,571	6		(1,542)	35
Total revenue	**63,937**	**2,599**	**2,316**	**(1,542)**	**67,310**
Expenses	23,382	1,969	2,022	(1,542)	25,831
Depreciation	188	-	-	-	188
Amortisation	3,367	-	-	-	3,367
Total expenses	**26,937**	**1,969**	**2,022**	**(1,542)**	**29,386**
Profit before income tax expense	**37,000**	**630**	**294**	**-**	**37,924**
Income tax expense	11,246	189	89	-	11,524
Net profit/(loss)	**25,754**	**441**	**205**	**-**	**26,400**
Assets	100,996	4,713	6,434	(361)	111,782
Liabilities	74,056	4,083	4,205	-	82,344

1. The Australia/NZ geographic region includes accommodation booked at properties located within Australia, New Zealand, Cook Islands, Fiji, Vanuatu and Papua New Guinea.
2. The Asian geographic region includes accommodation booked at properties located within Asia and French Polynesia.

25. EARNINGS PER SHARE

	Consolidated 2008 $'000	Consolidated 2007 $'000
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net profit	**34,452**	**26,400**

	Number of shares	Number of shares
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	204,990,036	203,189,270
Effect of dilution		
Share options	2,192,009	2,243,163
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	207,182,045	205,432,433

26. AUDITORS' REMUNERATION

	Consolidated		Parent Entity	
	2007 $	2007 $	2008 $	2007 $
Amounts received or due and receivable by the auditors of the Consolidated Entity for:				
- an audit or review of the financial statements of the entity and any other entity in the Consolidated Entity by Ernst & Young (Australia)	233,821	130,847	-	-
- other services in relation to the entity and any other entity in the Consolidated Entity by Ernst & Young (Australia)	-	4,200	-	-
- 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)	25,812	-	-	-
- 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	13,272	18,777	-	-
	272,905	**153,824**	**-**	**-**

27. CONTINGENT LIABILITIES

At balance date, the Consolidated Entity had bank guarantees of $500,000 (2007: $500,000) in respect of credit card merchant services and other banking arrangements.

28. COMMITMENTS FOR EXPENDITURE

The Consolidated Entity has the following commitments in place:

– A hosting arrangement with Hostworks Limited of $49,550 per month (excluding GST) continuing until 31 December 2008.

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

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Remuneration commitments				
- within 1 year	600	500	-	-
- later than 1 year, but not later than 5 years	939	1,282	-	-
	1,539	**1,782**	**-**	**-**
Finance lease commitments				
Finance lease commitments are payable:				
- not later than 1 year	126	-	-	-
- later than 1 year but not later than 5 years	147	-	-	-
- later than 5 years	-	-	-	-
	273	-	-	-
Less future finance charges	(25)	-	-	-
	248	-	-	-
Lease liabilities provided for in the financial statements:				
Current (see Note 13)	109	-	-	-
Non-current (see Note 13)	139	-	-	-
Total lease liability	**248**	**-**	**-**	**-**

	Consolidated		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Operating lease commitments				
Future non-cancellable operating lease commitments not provided for in the financial statements and payable:				
- not later than 1 year	86	-	-	-
- later than 1 year but not later than 5 years	1,021	-	-	-
- later than 5 years	-	-	-	-
	1,107	-	-	-

The Consolidated Entity leases property under operating leases expiring in 4 years. Leases generally provide the Consolidated Entity with a right of renewal at which time all terms are renogotiated.

29. KEY MANAGEMENT PERSONNEL

Details of key management personnel

(i) Directors

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

Chairman – Non-executive

R D McIlwain

Executive Directors

R M S Cooke, Group Chief Executive Officer and Managing Director (appointed 23 October 2007)

G T Wood

N A Cumming (appointed 27 March 2008)

Non-executive Directors

R A C Brice

A B R Smith

D E Warneke

(ii) Executives (other than Directors) with the greatest authority for planning, directing and controlling the activities of the Company

The following persons were the executives with the greatest authority for planning, directing and controlling of the Consolidated Entity (**key management personnel**) during the financial year:

Name	Position	Employer
A M Ross	Chief Information Officer (appointed 23 October 2007)	Wotif.com Pty Ltd
P J Young	Chief Information Officer (resigned 6 September 2007)	Wotif.com Pty Ltd
C A Dawson	Chief Financial Officer	Wotif.com Pty Ltd

S G Friend was also a key management personnel in the year ended 30 June 2007.

Compensation of key management personnel

	Consolidated		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Short term employee benefits	1,802,073	1,922,126	-	-
Post employment benefits	105,186	132,704	-	-
Other long-term benefits	4,023	2,655	-	-
Share-based payment	625,190	578,197	-	-
	2,536,472	**2,635,682**	**-**	**-**

Equity instrument disclosures relating to key management personnel

Options provided as remuneration

Details of options provided as remuneration, together with the terms and conditions of the options can be found in the Remuneration Report.

Option holdings

No options over ordinary shares were provided as remuneration to any Director of Wotif.com Holdings Limited other than the Managing Director.

	Balance at the start of the year	Granted as remuner-ation	Options exercised	Other changes	Balance at the end of the year	Vested and exercisable	Unvested
FY2008 Key Management Personnel of the Consolidated Entity							
R M S Cooke	1,500,000	800,000	-	-	2,300,000	1,000,000	1,300,000
A M Ross	100,000	-	20,000	-	80,000	-	80,000
P J Young	300,000	-	60,000	-	240,000	-	240,000
C A Dawson	250,000	-	-	-	250,000	-	250,000
FY2007 Key Management Personnel of the Consolidated Entity							
R M S Cooke	1,500,000	-	-	-	1,500,000	500,000	1,000,000
P J Young	300,00	-	-	-	300,000	-	300,000
C A Dawson	-	250,000	-	-	250,000	-	250,000

Shareholdings

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

FY2008	Balance at the start of the year	Granted as remuneration	Received during the year on exercise of options	Other changes during the year	Balance at the end of the year
Directors of Wotif.com Holdings Limited *Ordinary shares*					
R D McIlwain	500,000	-	-	-	500,000
R M S Cooke	37,500	-	-	34,000	71,500
G T Wood	51,000,000	-	-	(839,000)	50,161,000
A B R Smith	125,000	-	-	25,000	150,000
R A C Brice	40,000,000	-	-	(950,000)	39,050,000
D E Warneke	59,000	-	-	76,000	135,000
N A Cumming	-	-	-	2,881,763	2,881,763
Key Management Personnel of the Consolidated Entity *Ordinary shares*					
A M Ross	20,000	-	20,000	(36,000)	4,000
P J Young*	233	-	60,000	-	*

* Ceased to be an executive on 6 September 2007.

FY2007	Balance at the start of the year	Granted as remuneration	Received during the year on exercise of options	Other changes during the year	Balance at the end of the year
Directors of Wotif.com Holdings Limited *Ordinary shares*					
R D McIlwain	500,000	-	-	-	500,000
G T Wood	51,000,000	-	-	-	51,000,000
R A C Brice	40,000,000	-	-	-	40,000,000
A B R Smith	125,000	-	-	-	125,000
D E Warneke	-	-	-	59,000	59,000
Executives of the Consolidated Entity *Ordinary shares*					
R M S Cooke	37,500	-	-	-	37,500
S G Friend*	1,400,000	233	-	233	*
P J Young	42,500	233	-	(42,500)	233

* Ceased to be an executive on 27 April 2007

30. 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		Parent Entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Options issued under the Executive Share Option Plan	946	1,088	-	-
Shares issued under Employee Share Plan	-	86	-	-
	946	1,174	-	-

(b) Executive Share Option Plan

In accordance with AASB 2 Share-based Payment, the Company has calculated the fair value of options issued to employees. The major terms of the options issued were as follows:

– **Vesting Date**

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

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

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

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

– **Exercise Conditions**

In respect of the Package 1 options, the performance criteria are as follows:

- for the first tranche, achieving Prospectus forecast earnings per share for FY2006 (this condition has been satisfied);
- for the second tranche, achieving Prospectus forecast earnings per share for FY2007 (this condition has been satisfied); and
- for the third tranche, achieving earnings per share growth in FY2008 10% above the earnings per share forecast in the Prospectus for FY2007.

In respect of the Package 2 options, the performance criteria are as follows:

- for the first tranche, achieving Prospectus forecast earnings per share for FY2007 (this condition has been satisfied); and
- for the second tranche (and each successive tranche), achieving compound annual earnings per share growth of 10% over Prospectus forecast earnings per share for FY2007.

In respect of the Package 3 options, the performance criteria are as follows:

- for the first tranche, achieving earnings per share of 10.34 cents; and
- for the second tranche (and each successive tranche), achieving compound annual earnings per share growth of 10% over 10.34 cents.

In respect of the Package 4 options, the performance criteria are as follows:

- for the first tranche, achieving earnings per share of 16.453 cents;
- for the second tranche, achieving earnings per share of 18.510 cents; and
- for the third tranche, achieving earnings per share of 20.823 cents.

In respect of Packages 1, 2, 3 and 4 options, if the performance criteria for a tranche are not met, but subsequently the performance criteria for a later tranche are met, then the tranche with the earlier vesting date will vest as if the performance criteria had been met. In respect of Packages 1, 3 and 4 options, if there is a change in control of the Company after its admission to the Official List of ASX, any options that have not vested will immediately vest.

– **Lapsing Date**

In respect of Package 1 options, 3 December 2010;

In respect of Package 2 options, 31 December 2011;

In respect of Package 3 options, 31 December 2012;

In respect of Package 4 options, 31 December 2011.

The fair value of the options granted is estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the year ended 30 June 2008.

	Package 1 Options	Package 2 Options	Package 3 Options	Package 4 Options
Grant date	10 April 2006	10 April 2006	19 March 2007	22 October 2007
Share price	$2.00	$2.00	$4.20	$4.75
Exercise price	$2.00	$2.00	$4.20	$4.75
Dividend yield	4.45%	4.45%	3.26%	2.76%
Risk free rate	5.57%	5.57%	6.03%	6.45%
Volatility	30%-40%	30%-40%	25%-35%	25%-35%
Vesting dates and fair value Tranche 1 Tranche 2 Tranche 3 Tranche 4 Tranche 5	 2 December 2006 $0.4282 3 December 2007 $0.4589 3 December 2008 $0.4820	 1 October 2007 $0.4829 1 October 2008 $0.5047 1 October 2009 $0.5202 1 October 2010 $0.5300 1 October 2011 $0.5351	 1 October 2008 $0.9960 1 October 2009 $1.0519 1 October 2010 $1.0995 1 October 2011 $1.1391 1 October 2012 $1.1713	 22 October 2009 $1.835 22 October 2010 $1.910 22 October 2011 $1.975
Expiry date	3 December 2010	31 December 2011	31 December 2012	31 December 2011

Note: Package 5 options were granted outside the reporting period and have not been valued for FY2008

The following table illustrates the number and weighted average exercise price of, and movements in, share options issued 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
FY2008						
Package 1	1,500,000	-	-	-	1,500,000	1,000,000
Package 2	2,760,000	-	457,800	175,400	2,126,800	93,000
Package 3	390,000	-	-	-	390,000	-
Package 4	-	800,000	-	-	800,000	-
Total	**4,650,000**	**800,000**	**457,800**	**175,400**	**4,816,800**	**1,093,000**
Weighted average exercise price	$2.18	$4.75	$2.00	$2.00	$2.63	$2.00
FY2007						
Package 1	1,500,000	-	-	-	1,500,000	500,000
Package 2	2,883,000	-	-	123,000	2,760,000	-
Package 3	-	390,000	-	-	390,000	-
Total	**4,383,000**	**390,000**	**-**	**123,000**	**4,650,000**	**500,000**
Weighted average exercise price	$2.00	$4.20	-	$2.00	$2.18	$2.00

(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. 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 5 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.

31. EVENTS AFTER BALANCE DATE

No 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 27 August 2008, we state that:

(a) in the opinion of the Directors:

(i) the financial report and the additional disclosures included in the Directors' Report designated as audited, of the Company and the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:

(A) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

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

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

(b) there are reasonable grounds to believe that the parties to the Deed of Cross Guarantee dated 25 June 2008 (see Note 21 on page 67) 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.

(c) This declaration has been made after receiving the declarations required to be made to Directors in accordance with section 295A of the *Corporations Act 2001* for the financial period ending 30 June 2008.

R D McIlwain
Chairman

R M S Cooke
Group Chief Executive Officer
and Managing Director

INDEPENDENT AUDIT REPORT

ERNST & YOUNG

1 Eagle Street
Brisbane QLD 4000 Australia
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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 balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider 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 met 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.

ERNST & YOUNG

Auditor's Opinion

In our opinion:

1. The financial report of Wotif.com Holdings Limited is in accordance with the *Corporations Act 2001*, including:

   - Giving a true and fair view of the financial position of Wotif.com Holdings Limited and the consolidated entity at 30 June 2008 and of their performance for the year ended on that date; and

   - Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

2. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 23 to 31 of the directors' report for the year ended 30 June 2008. 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.

Auditor's Opinion

In our opinion the Remuneration Report of Wotif.com Holdings Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Mike Reid

Mike Reid
Partner
Brisbane

27 August 2008

TOP TWENTY SHAREHOLDERS

At 21 August 2008, the 20 largest shareholdings of the Company's fully paid ordinary shares were as follows:

Rank	Name of shareholder	Number of ordinary shares	Percentage held
1	Graeme Thomas Wood	50,000,000	24.03%
2	J P Morgan Nominees Australia Limited	16,655,652	8.00%
3	Robert Andrew Creeth Brice	15,816,000	7.60%
4	HSBC Custody Nominees (Australia) Limited	13,929,531	6.69%
5	J D B Services Pty Ltd (The RAC & JD Brice Inv A/C)	10,608,000	5.10%
6	Kevin Michael Fitzpatrick & Anthony John Fitzpatrick (The KM Fitzpatrick Family A/C)	10,000,000	4.81%
7	Brazil Farming Pty Ltd	8,000,000	3.84%
8	RAC & JD Brice Superannuation Pty Ltd (Brice Superannuation A/C)	7,576,000	3.64%
9	National Nominees Limited	7,503,842	3.61%
10	UBS Wealth Management Australia Nominees Pty Ltd	5,039,852	2.42%
11	Anna Creeth Cottell	4,800,000	2.31%
12	Citicorp Nominees Pty Limited (CFS Future Leaders Fund A/C)	4,520,145	2.17%
13	ANZ Nominees Limited (Cash Income A/C)	4,487,153	2.16%
14	Queensland Investment Corporation	3,693,169	1.77%
15	UBS Nominees Pty Ltd	3,422,725	1.64%
16	Net Technologies Limited	2,829,092	1.36%
17	Citicorp Nominees Pty Limited	2,804,079	1.35%
18	Citicorp Nominees Pty Limited (with Banti Off Super A/C)	2,170,326	1.04%
19	UQ Endowment Fund Pty Limited	2,000,000	0.96%
20	ANZ Nominees Limited (SL Cash Income A/C)	1,701,777	0.82%
	TOTAL	**177,558,343**	**85.32%**

Shareholder Information

SUBSTANTIAL SHAREHOLDERS

At 21 August 2008, the following entries were contained in the register of substantial shareholdings with respect to the Company's ordinary shares:

Shareholdings	Number of ordinary shares
G T Wood (by notice dated 8 May 2008)	51,000,000
J D B Services Pty Ltd (by notice dated 7 June 2006)/ R A C Brice and J D Brice (by notice dated 7 June 2006)	40,000,000
FMR LLC, FMR Co. and FIL Limited	15,163,161
Hyperion Asset Management Limited	12,509,138

DISTRIBUTION OF SHAREHOLDINGS (AS AT 21 AUGUST 2008)

Range	Number of holders of ordinary shares	Percentage of holders	Number of shares	Percentage of shares
1 - 1,000 shares	2,382	41.65%	1,348,878	0. 65%
1,001 - 5,000 shares	2,438	42.64%	6,628,866	3. 19%
5,001 - 10,000 shares	501	8.76%	3,897,759	1.87%
10,001 - 100,000 shares	342	5.99%	8,846,058	4.25%
100,001 - and over	55	0.96%	187,383,883	90.04%
	5,718	100%	208,105,444	100%

HOLDERS OF NON-MARKETABLE PARCELS

As at 21 August 2008, there were 330 shareholders with less than a marketable parcel of the Company's shares (namely 159 shares or less).

VOLUNTARY ESCROW ARRANGEMENTS

The Company entered into restriction deeds with certain of the shareholders who sold-down a portion of their shares in the Company's Initial Public Offering conducted pursuant to the Prospectus dated 24 April 2006. These shareholders were G T Wood, K M Fitzpatrick and A J Fitzpatrick (as trustees of the KM Fitzpatrick Family Trust), R A C Brice, R A C Brice and J D Brice (as trustees of the JDB Services Superannuation Fund), R A C Brice and J D Brice (as trustees of the Brice Family Trust), JDB Services Pty Ltd ACN 009 685 867 (as trustee of the RAC & JD Brice Investment Trust), Brazil Farming Pty Ltd ACN 009 903 771, A C Cottell and Friendlyfly Pty Ltd ACN 091 622 418 (as trustee of the Friend Trust).

Under the restriction deeds, those existing shareholders agreed not to dispose of or agree or offer to dispose of the escrowed securities held by them as set out below until the release of the Company's full year financial results for the year ended 30 June 2007. Details of the shares that were affected by the said restriction deeds were as follows:

Shareholders	Escrowed securities
G T Wood	51,000,000 fully paid ordinary shares in the Company
K M Fitzpatrick and A J Fitzpatrick as trustees of the KM Fitzpatrick Family Trust	10,000,000 fully paid ordinary shares in the Company
R A C Brice	19,824,000 fully paid ordinary shares in the Company
R A C Brice and J D Brice as trustees of the JDB Services Superannuation Fund	12,576,000 fully paid ordinary shares in the Company
R A C Brice and J D Brice as trustees of the Brice Family Trust	992,000 fully paid ordinary shares in the Company
JDB Services Pty Ltd a trustees of the RAC & JD Brice Investment Trust	6,608,000 fully paid ordinary shares in the Company
Brazil Farming Pty Ltd	10,000,000 fully paid ordinary shares in the Company
A C Cottell	4,800,000 fully paid ordinary shares in the Company
Friendlyfly Pty Ltd as trustee of the Friend Trust	1,400,000 fully paid ordinary shares in the Company

The above-referred escrow arrangements ceased to apply on 27 August 2007.

The Company entered into restriction deeds with certain vendors of the shares in Asia Web Direct (HK) Limited which were purchased by the Company on 1 March 2008. These vendors received, as part of the consideration for the purchase, shares in the Company. Under these restriction deeds those shareholders agreed not to dispose of or agree or offer to dispose of certain of the securities issued to them as set out below until the earlier of 31 August 2008 or the date the All Ordinaries Index fell below 5,441. Details of the shares that were affected by the said restriction deeds were as follows:

Shareholders	Escrowed Securities
Neil Cumming	42,137
Net Technologies Limited	2,298,182
MOL.com Berhad	545,757

The above-referred escrow arrangements ceased to apply on 25 March 2008 as a result of the All Ordinaries Index closing below 5,441 points.

Shareholder Information

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
13 Railway Terrace
Milton Qld 4064
Telephone: (07) 3512 9999
Facsimile: (07) 3512 9914

Company Secretariat

R M S Cooke (Company Secretary)
E Dadswell (Assistant Company Secretary)

Share Registry

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

Auditors

Ernst & Young
Level 5 Waterfront Place
1 Eagle Street
Brisbane Qld 4000

Change of address

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

Annual General Meeting

The Annual General Meeting of Wotif.com Holdings Limited will be held at UQ Business School Downtown, Level 19, Central Plaza One, 345 Queen Street (corner of Creek Street) Brisbane, at 2.30pm (Brisbane time) on Monday 20 October 2008.

Stock exchange listed securities

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

Key dates*

Financial year end	30 June 2008
Announcement of audited results and dividend to ASX	27 August 2008
Dividend record date	10 September 2008
Dividend payment (final)	13 October 2008
Annual General Meeting	20 October 2008

* Dates may be subject to change

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.