

WEBJET LIMITED AND CONTROLLED ENTITIES

A.C.N. 002 013 612

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2003**

WEBJET LIMITED AND CONTROLLED ENTITIES
ACN 002 013 612

ADDITIONAL FINANCIAL INFORMATION
REQUIRED UNDER ASX LISTING RULES
APPENDIX 4D

RESULTS FOR ANNOUNCEMENT TO MARKET

Revenue from ordinary activities	DOWN	10.1%	to	\$639,139
Loss from ordinary activities	(LOSS) DOWN	50.0%	to	\$458,533
Net loss for period attributable to members	(LOSS) DOWN	50.0%	to	\$458,533

No dividends have been paid or proposed during the half-year ended 31 December 2003.

Net tangible asset per ordinary security - CURRENT PERIOD	\$0.0045
- PREVIOUS CORRESPONDING REPORTING PERIOD	\$0.0077

WEBJET LIMITED AND CONTROLLED ENTITIES
ACN 002 013 612

INTERIM FINANCIAL REPORT
DIRECTORS' REPORT

Your directors present their report on the company and its controlled entities for the half year ended 31 December 2003.

Directors

The names of the directors in office at any time during or since the end of the year are:

Allan Nahum
Bernard H Lochtenberg
Steven Scheuer

David R Clarke
John Lemish

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations

The half-year ended 31 December 2003 has produced a consolidated loss of \$458,533 (2002: loss \$917,604).

As foreshadowed in the Annual Report the half-year ended 31 December resulted in substantially lower costs of operation, significant reductions in most areas including particularly costs of marketing, prior to the release of the new Travel Services Aggregator (TSA) which has occurred in mid January 2004.

Despite commission reductions which were also foreshadowed, we have been able to dramatically reduce the operating costs by in excess of 50% and the operating cost base moving forward into 2004 is expected, on current indications, to show a similar position.

As already reported to the market, Webjet has successfully launched our new TSA in mid January and has also been reported to the market, subsequent to that release, we have seen a substantial increase in margin which was identified as one of the strategic challenges in our Annual Report for the year ended 30 June 2003.

Similarly since the introduction of the TSA, gross transaction values are building strongly, higher margins are being achieved and the maintenance of a lower cost base.

The introduction of the TSA has also seen the successful introduction of direct Webjet transaction fees which are expected to form a significant part of the margin mix going forward and, although no predictions can yet be made with confidence, the sale of non air products, particularly hotel and car hire, have also substantially increased. If that trend continues, it is expected to contribute to gross profit margins without incremental operating costs.

**WEBJET LIMITED AND CONTROLLED ENTITIES
ACN 002 013 612**

**INTERIM FINANCIAL REPORT
DIRECTORS' REPORT**

Review of Operations (cont'd)

At the current time we consider the Australian domestic market to be satisfactory and the predicted recovery on international travel is currently occurring.

Despite substantially reduced advertising expenditure gross sales transactions for the six months totalled \$9.3m compared with \$9.0m for the six months to 31 December 2002.

Events Subsequent to Balance Date

Arrangements with Galileo International Group in respect of the Travel Service Aggregator software (TSA) have been finalised subsequent to balance date.

Webjet Limited has transferred ownership of intellectual property rights in the TSA to Galileo in return for the final payment by Galileo of \$800,000. Webjet will have an ongoing operating and development licence to use the TSA software.

In recognition of Galileo's agreement to complete its obligations under the original agreement and yet defer its entitlements to the issued Webjet shares under that agreement, if Webjet issues shares to one or more other investors, Galileo will have a right to require Webjet to issue further shares to Galileo at the same price per share as the other investor(s). That right is subject to the following:

- It is capped at a nominal subscription amount of \$800,000;
- As any further issue to Galileo will not fall within the shareholder approval obtained at the meeting on 28 April 2003, it is subject to Webjet obtaining any necessary shareholder approval prior to the issue of such shares; and
- It is also subject to Galileo not being in breach of Chapter 6 of the Corporations Act.

This report is made in accordance with a resolution of the directors.

David Clarke
Director

Dated : 19 February 2004

WEBJET LIMITED AND CONTROLLED ENTITIES
ACN 002 013 612

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

		Economic Entity	
	Note	2003	2002
		\$	\$
Revenue from ordinary activities	2	639,139	710,734
Employee benefits expense		(449,549)	(453,952)
Depreciation and amortisation expense		(22,797)	(61,590)
Marketing expenses		(71,651)	(405,439)
Website hosting expenses		(210,527)	(159,171)
Professional fees		(50,727)	(206,433)
Web and software development expenses		(23,369)	(40,365)
Directors' fees		(21,952)	(25,833)
Listing and registry expenses		(30,060)	(37,155)
Insurance		(25,327)	(15,660)
Payroll tax		(12,758)	(37,600)
Stationery		(7,888)	(5,193)
Rent		(78,175)	(66,734)
Telephones		(34,306)	(30,977)
Other expenses from ordinary activities		(58,586)	(82,236)
Loss from ordinary activities before income tax expense	2	(458,533)	(917,604)
Income tax relating to ordinary activities		-	-
Loss from ordinary activities after related income tax		(458,533)	(917,604)
Net Loss		(458,533)	(917,604)
Total changes in equity other than those resulting from transactions with owners as owners		(458,533)	(917,604)
Basic loss per share		\$0.0040	\$0.0074
Diluted loss per share		\$0.0039	\$0.0069

The accompanying notes 1 to 7 form part of these financial statements

WEBJET LIMITED AND CONTROLLED ENTITIES
ACN 002 013 612

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2003

		Economic Entity		
	Note	31.12.2003	30.6.2003	31.12.2002
		\$	\$	\$
CURRENT ASSETS				
Cash assets		848,241	1,843,083	982,115
Receivables		157,956	191,251	86,641
Other		48,885	43,758	27,751
TOTAL CURRENT ASSETS		<u>1,055,082</u>	<u>2,078,092</u>	<u>1,096,507</u>
NON-CURRENT ASSETS				
Property, plant and equipment		82,372	95,646	111,133
Intangible assets	5	799,725	576,294	204,867
TOTAL NON-CURRENT ASSETS		<u>882,097</u>	<u>671,940</u>	<u>316,000</u>
TOTAL ASSETS		<u>1,937,179</u>	<u>2,750,032</u>	<u>1,412,507</u>
CURRENT LIABILITIES				
Payables		330,407	816,534	189,442
Interest bearing liabilities		-	135	-
Provisions		76,193	58,537	59,303
TOTAL CURRENT LIABILITIES		<u>406,600</u>	<u>875,206</u>	<u>248,745</u>
TOTAL LIABILITIES		<u>406,600</u>	<u>875,206</u>	<u>248,745</u>
NET ASSETS		<u>1,530,579</u>	<u>1,874,826</u>	<u>1,163,762</u>
EQUITY				
Contributed equity	5	10,442,020	10,327,734	8,849,563
Accumulated losses		(8,911,441)	(8,452,908)	(7,685,801)
TOTAL EQUITY		<u>1,530,579</u>	<u>1,874,826</u>	<u>1,163,762</u>

The accompanying notes 1 to 7 form part of these financial statements

WEBJET LIMITED AND CONTROLLED ENTITIES
ACN 002 013 612

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

	Note	Economic Entity 2003 \$	2002 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		645,920	662,687
Payments to suppliers and employees		(1,215,693)	(1,676,471)
Interest received		26,514	31,045
Net cash used in operating Activities		<u>(543,259)</u>	<u>(982,739)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		(1,388)	(3,075)
Payment for intangible assets		<u>(450,060)</u>	<u>(179,767)</u>
Net cash used in investing activities		<u>(451,448)</u>	<u>(182,842)</u>
Net decrease in cash held		(994,707)	(1,165,581)
Cash at beginning of financial year		<u>1,842,948</u>	<u>2,147,696</u>
Cash at end of financial year		<u>848,241</u>	<u>982,115</u>

The accompanying notes 1 to 7 form part of these financial statements

WEBJET LIMITED AND CONTROLLED ENTITIES
ACN 002 013 612

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

NOTE 1 : BASIS OF PREPARATION

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2003 and any public announcements made by Webjet Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The half-year report does not include disclosures of the type normally included in an annual financial report.

The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 30 June 2003 annual report. This includes the following change to the recognition of revenue, the accounting policy for which was altered for the first time in the annual financial report for the year ended 30 June 2003:

In the previous half-year consolidated financial statements for 31 December 2002, revenue from the sale of airline tickets and travel packages was recognised on a gross basis when bookings were made by the consumer. A resulting cost of sale was also recognised as an expense reflecting the cost of the sale transaction to Webjet Marketing Pty Ltd. In the current half year (consistent with disclosure for the year ended 30 June 2003), the differential between the gross sales value and the cost of sale to Webjet Marketing Pty Ltd has been recognised as commission to reflect the Agency based nature of the transaction.

The comparative information for 31 December 2002 has been restated to accord with this change to allow for the reasonable comparison of financial data. While the change had no direct affect on the loss of the Company for the half-year, the following disclosures would have been presented had the change not occurred:

	Economic Entity	
	2003	2002
	\$	\$
Operating activities		
Sale of airline tickets and travel packages	9,255,174	9,002,798
Commission revenue	159,976	327,777
Commission revenue – hyperlink sales	102,671	113,187
Marketing support	25,000	-
Revenue from operating activities prior to interest	<u>9,542,821</u>	<u>9,443,762</u>
Further, cost of sales directly relating to the sale of airline tickets and travel packages as disclosed below would have been reported within the Statement of Financial Performance as an expense.		
Cost of Sales	<u>8,930,196</u>	<u>8,764,073</u>

WEBJET LIMITED AND CONTROLLED ENTITIES
ACN 002 013 612

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

	Economic Entity
	2003 2002
	\$ \$

**NOTE 2 : LOSS FROM ORDINARY
ACTIVITIES**

The following revenue and expense items are relevant in explaining the financial performance for the interim period.

Revenue

Commission revenue	484,954	566,502
Commission revenue – hyperlink sales	102,671	113,187
Marketing support	25,000	-
Total commission revenue	<u>612,625</u>	<u>679,689</u>
 Interest received – other parties	 <u>26,514</u>	 <u>31,045</u>
 Total revenue	 <u>639,139</u>	 <u>710,734</u>

Expenses

Amortisation of non-current assets		
- Website development	8,107	25,000
- Research & development	28	-
	<u>8,135</u>	<u>25,000</u>
 Depreciation of non-current assets		
- Office furniture and equipment	2,105	5,004
- Computer equipment and software	12,557	31,586
	<u>14,662</u>	<u>36,590</u>
 Rental expense on operating leases		
- minimum lease payments	<u>78,175</u>	<u>66,734</u>

**WEBJET LIMITED AND CONTROLLED ENTITIES
ACN 002 013 612**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2003**

NOTE 3 : DIVIDENDS

No dividends have been declared nor paid during the half-year to 31 December 2003.

NOTE 4 : SEGMENT REPORTING

The economic entity operated in one business segment being internet-based travel booking services.

The economic entity operates in one geographical segment being Australia.

NOTE 5 : NON-CASH FINANCING ACTIVITIES AND SHARE ISSUE

In consideration for software services capitalised in intangibles, Webjet Limited issued 2,857,143 ordinary shares on 7 October 2003 to a supplier, bringing the total ordinary shares issued as at 31 December 2003 to 162,448,749. The market price of ordinary shares on the day of issue was \$0.04. As a result a non-cash increase in contributed equity and intangibles of \$114,286 was recognised.

NOTE 6 : EVENTS SUBSEQUENT TO BALANCE DATE

At the date of this report there is no matter or circumstance which has arisen since 30 June 2003 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 31 December 2003, of the economic entity; or
- (b) the results of those operations; or
- (c) the state of affairs, in financial years subsequent to 31 December 2003, with the exception of the following matter:

Arrangements with Galileo International Group in respect of the Travel Service Aggregator software (TSA) have been finalised subsequent to balance date.

Webjet Limited has transferred ownership of intellectual property rights in the TSA to Galileo in return for the final payment by Galileo of \$800,000. Webjet will have an ongoing operating and development licence to use the TSA software.

In recognition of Galileo's agreement to complete its obligations under the original agreement and yet defer its entitlements to the issued Webjet shares under that agreement, if Webjet issues shares to one or more other investors, Galileo will have a right to require Webjet to issue further shares to Galileo at the same price per share as the other investor(s). That right is subject to the following:

- It is capped at a nominal subscription amount of \$800,000;
- As any further issue to Galileo will not fall within the shareholder approval obtained at the meeting on 28 April 2003, it is subject to Webjet obtaining any necessary shareholder approval prior to the issue of such shares; and
- It is also subject to Galileo not being in breach of Chapter 6 of the Corporations Act.

**WEBJET LIMITED AND CONTROLLED ENTITIES
ACN 002 013 612**

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes of the Economic Entity, as set out on pages 2 to 8:
 - (a) comply with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations; and
 - (b) give a true and fair view of the economic entity's financial position as at 31 December 2003 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the board

David Clarke
Director

Dated this 19th day of February 2004.

**WEBJET LIMITED AND CONTROLLED ENTITIES
ACN 002 013 612**

**INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF WEBJET LIMITED**

Scope

We have audited the financial report of Webjet Limited for the half-year ended 31 December 2003 as set out on pages 3 to 9. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year. The company's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements and statutory requirements, so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission/Australian Stock Exchange Limited.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Webjet Limited is not in accordance with:

(a) the Corporations Act 2001, including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2003 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

BDO

Chartered Accountants

R D D Collie

Partner

Melbourne, 19th February 2004