

Appendix 4E

Preliminary final report

30 June 2004

Name of entity:

ABN Reference:

WEBJET LIMITED	68 002 013 612
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1. Results for announcement to the market

	Current period	Previous corresponding period	% Change		Amount of change	
	2004	2003				
	\$A	\$A				\$A

Key Information

Revenues from ordinary activities	1,475,603	1,437,596	up	2.6%	up	38,007
Loss from ordinary activities after tax attributable to members	(1,141,675)	(1,684,167)	down	32.2%	down	542,492
Net loss for the period attributable to members	(1,141,675)	(1,684,167)	down	32.2%	down	542,492

It is not proposed to pay a dividend for the year

2. NTA backing

	Current period	Previous corresponding period
Net tangible asset (liability) backing per ordinary security	\$ (0.0040)	\$ 0.0081

3. Commentary on Financial results

Year ended 30 June 2004 has produced a consolidated loss of \$1.142m (2003 loss \$1.684m).

As advised in our Annual Report for 2003 the travel operations in Australia were adversely affected in that year by a series of external events including the Bali terrorism incident, the outbreak of hostilities in the Gulf, followed in turn by SARS in Asia. We indicated at that time that the impact of those events had led to the deferment of travel plans. The year ended June 2004 has seen a progressive restoration of travel demand particularly in the half year ended 30 June 2004.

On current indications that growth in available business has increased further for the commencement of the new financial year 1 July 2004.

The company successfully introduced the TSA (internet booking platform) in January 2004. Subsequent to its introduction there has been a number of improvements in:

- Booking conversion rate relative to internet site sessions.
- A progressive build in turnover leading to a record billing month in July 2004 some 65% higher than July 2003.
- Indicators suggest a high level of consumer acceptance and repeat business.
- As advised to the market on 27 July cash use has slowed and over the last four quarters the trend has been:

Quarter to 30/9/03	31/12/03	31/3/04	30/6/04
(287,000)	(297,000)	(176,000)	(46,000)

Gross transaction values have also recovered to the extent that the quarter ended 30 June 2004 produced gross transactions of \$5.9m compared with \$4.9m for the same quarter ended June 2003 (an increase of approximately 20%) and for the commencement of the new financial year the month of July 2004 produced gross transaction values of \$3.04m, an increase of over 65% relative to July 2003. That trend has continued into the first half of August.

The company considers that the TSA provides an integrated booking environment which should prove strategically significant in a domestic travel environment in Australia which has undergone substantial change with the introduction of low cost carrier models and will also provide a strong foundation for the sale of value added products both domestically and internationally to Webjet's customer base.

Developments During the Financial Year

During the year Webjet entered into major agreement with Harvey World Travel Limited which was advised to the market on 15 April

3. Commentary on Financial results continued

2004.

The agreements, subsequently approved by Webjet's shareholder at a General Meeting of shareholders held on 12 July 2004 included:

- A licensing by Webjet to Harvey World Travel Limited of the Travel Services Aggregator (TSA) technology platform for internet bookings.
- The entering into the membership of Harvey World Travel Group by Webjet which is expected to result in benefits to Webjet through the group buying power of Harvey World Travel Limited. Further economic savings relating to the negotiation of airline and supplier arrangements and associated matters.
- An equity subscription by Harvey World Travel Limited of an initial 11% holding in Webjet Ltd for a consideration of \$840,000 with options to take a further 26% equity over the prescribed time. Webjet considers that the arrangements will produce a strategic alliance of significant strength in the Australian market and will provide Webjet with a strategic development partner which will materially enhance Webjet's ability to capitalise on opportunities in a rapidly changing travel environment in the Australia region and potentially other parts of the world where its expertise in online travel retailing may be further developed.

The result of the transaction will be to strengthen Webjet's balance sheet.

4. Preliminary final report - financial details

Refer to the attached audited financial report.

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(Chairman)

Date: 25 August 2004

Print name: Allan Nahum

Webjet Limited

ABN 68 002 013 612

Annual Report

for the year ended 30 June 2004

Corporate Information

ABN 68 002 013 612

Directors

Allan Nahum (Non Executive Chairman)
Bernard Lochtenberg (Non Executive Deputy Chairman)
David Clarke (Executive Managing Director)
John Lemish (Executive Operations Director)
Steven Scheuer (Non Executive Director)
Timothy Dodds (Non Executive Director - Appointed 29 July 2004)
Norm Fricker (Non Executive Director - Appointed 29 July 2004)

Company Secretary

Richard Noon

Registered Office

Level 5
492 St Kilda road
Melbourne Vic 3004

Solicitors

Minter Ellison
525 Collins Street
Melbourne Vic 3001

Bankers

ANZ Bank
420 St Kilda Road
Melbourne Vic 3004

Share Register

Computershare
452 Johnston Street
Abbotsford Vic 3067

Auditors

BDO
563 Bourke Street
Melbourne Vic 3000

Internet Address

www.webjet.com.au

Contents

Directors' Report	3
Corporate Governance Statement	9
Statement of Financial Performance	11
Statement of Financial Position	12
Statement of Cash Flows	13
Notes to the Financial Statements	14
Directors' Declaration	31
Independent Audit Report	32
ASX Additional Information	34

Directors' Report

Your directors submit their report for the year ended 30 June 2004.

DIRECTORS

The names and details of the company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Allan Nahum, FCA, FICD, AIMM, AAISA, AIAA (Non Executive Chairman)

Former partner in the Melbourne based accounting and consulting firm HLB Mann Judd, with extensive experience in the profession as a business consultant. He has worked in the travel industry as an Auditor and Consultant for over 20 years.

Bernard Lichtenberg, BE (Hons) D Phil FTSE (Non Executive Deputy Chairman)

Former Chairman of Orica Limited and Mental Health Research Institute. Former Director of Capral Aluminium Limited. Chairman of Melbourne University Private Ltd and a Member of Council at the University of Melbourne.

David Clarke (Executive Managing Director)

Held senior management positions with the Jetset travel group from 1977 to 1995. He is regarded as pioneering the introduction of wholesale packaging through distribution access in Australia and overseas, the development of an integrated franchise structure and one of the highest ranking travel brands in Australia in the 1990's. He has worked closely with most major airlines, including Qantas, British Airways, Ansett Australia, United Airlines and others over nearly 20 years and is internationally recognised in the travel industry.

John Lemish, B.Ec (Executive Operations Director)

With over 20 years experience in the travel industry, John Lemish has a wealth of operational experience. John was extensively involved in international operations in the UK and Europe, North America and Asia, and was responsible for the international buying of hotels and land suppliers in all countries globally.

Steven Scheuer, B.Bus (Acc) (Non Executive Director)

After spending a number of years in public accounting practice, he established his own manufacturing and importing business using strong and well known clothing brand labels throughout Australia and New Zealand. He holds a Bachelor of Business (Accounting) degree.

Timothy Dodds, B.Comm. CA (Non Executive Director - Appointed 29 July 2004)

Finance director of Harvey World Travel Limited. He has over 25 years experience in the travel and tourism industry. He is a Chartered Accountant and Registered Tax Agent. A former manager of a Sydney suburban motel and an owner of a retail lighting business. He also serves on all joint venture company boards of Harvey World Travel Limited.

Norm Fricker (Non Executive Director - Appointed 29 July 2004)

Has over 30 years experience in service industries. He has held senior management positions in Brambles Industries Limited and was an executive director of that company with responsibilities in Australia and Europe, including several board positions in a number of joint venture companies. Mr Fricker was formerly an executive general manager of Qantas Airways Limited with responsibility for a number of operating divisions. He is Chairman of Harvey World Travel Limited, a Director of Waste Management New Zealand Ltd and former Chairman of Strathfield Group Ltd.

COMPANY SECRETARY

Richard Noon, FCPA, CTFP (Snr), B.Bus, Grad Dip (Acc)

Has worked in most areas of the travel industry, from hotels (Hilton and Sheraton), airlines (Pan Am), retail and tour wholesaling (Jetset Tours) to airfare consolidation (Concorde Travel). He also worked for Citibank Australia as Vice President Cash Management. He developed Moneydirect which won travel industry "Best Product" awards and was responsible for Smartfares which won industry "Best Service" awards. Richard is CEO of Amplify and MD of Crimson Skies Pty Ltd and works for Webjet Limited on a part-time basis.

Directors' Report continued

Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Webjet Limited were:

	Ordinary Shares	Options over Ordinary Shares
Allan Nahum	2,606,704	500,000
Bernard Lochtenberg	300,000	500,000
David Clarke	1,030,744	1,000,000
John Lemish	5,088,350	1,000,000
Steven Scheuer	24,899,143	500,000

EARNINGS PER SHARE

Cents

Basic loss per share	0.70
Diluted loss per share	0.68

DIVIDENDS

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

CORPORATE INFORMATION

Nature of operations and principal activities

The principal activities during the year of entities within the consolidated entity were that of an electronic manager and marketer of travel and related services, utilising the internet and other mediums.

There have been no significant changes in the nature of those activities during the year.

Employees

The consolidated entity employed 14.5 (EFT) employees as at 30 June 2004 (2003: 15 employees).

Directors' Report continued

REVIEW AND RESULTS OF OPERATIONS

Year ended 30 June 2004 has produced a consolidated loss of \$1.142m (2003 loss \$1.684m).

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Shareholder Returns

	2004	2003	2002	2001
Basic loss per share (cents)	0.70	1.25	1.35	2.07

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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The agreements, subsequently approved by Webjet's shareholder at a General Meeting of shareholders held on 12 July 2004 included:

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The result of the transaction will be to strengthen Webjet's balance sheet.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Subsequent to June 30 and relative to the subsequent events in footnote 24 to the accounts the company has successfully completed the first two performance hurdles in relation to the deployment of the software for use in Harvey World Travel's operations and has in accordance with the subscription agreement issued two tranches of shares:

- 7m shares on 21 July 04 at \$0.04c per share.
- 7m shares on 26 July 04 at \$0.04c per share.

Directors' Report continued

The company has also issued 56,000,000 options for \$56,000 pursuant to the subscription agreement. The company has received the funds in relation to these issues.

From these funds the company has paid \$440,000 to creditor Microsoft in accordance with its agreement.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely developments in the operation of the economic entity and the expected results from those operations have not been included in this report. The inclusion of such information may result in unreasonable prejudice to the economic entity.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

SHARE OPTIONS

Unissued shares

Since the end of the financial year, the company granted options as follows:

1,500,000 options over unissued ordinary shares exercisable from 1 July 2005 to 1 July 2008 at \$Nil exercise price

79,000,000 options issued over ordinary shares to Harvey World Travel Limited, 23,000,000 exercisable at \$0.04 per option exercisable as detailed in Note 24 and 56,000,000 exercisable at discounts to the weighted average share price exercisable as detailed in Note 24

No options have been granted or shares issued by virtue of the exercise of an option during the financial year. At the date of this report there are 86,910,000 outstanding options to acquire ordinary shares.

Further details on options can be found in Note 21 to the financial statements.

The company has a contingent liability to issue shares to a third party, see Note 27.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The company has not during, or since the end of, the financial year, in respect of any person who is or has been an officer of the company or auditor of the company:

- indemnified or made relevant agreement for indemnifying against a liability incurred as an officer or auditor, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer or auditor for the costs or expenses to defend legal proceedings with the exception of the following:

During the financial year, a subsidiary of the company has paid premiums to insure each of the following directors, senior executives and consultants against liabilities for costs and expenses which may be incurred by them, in defending any legal proceedings arising out of their conduct while acting in the capacity of director of any company in the group, other than conduct involving a wilful breach of duty in relation to the company,

Allan Nahum

Ben Lochtenberg

David Clarke

John Lemish

Steven Scheuer

Richard Noon

The contract of insurance contains a confidentiality clause and hence the amount of the premium cannot be disclosed.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

The company was not a party to any such proceedings during the year.

DIRECTORS' AND OTHER OFFICERS' EMOLUMENTS

Remuneration policy

When setting fees for individual directors, account is taken of the responsibilities inherent in the stewardship of the economic entity and the demands made of directors in the discharge of their responsibilities.

Details of the nature and amount of each element of the emolument of each director of the company and each of the five executive officers of the company and the consolidated entity receiving the highest emolument for the financial year are as follows:

Directors' Report continued

The emoluments of each director of Webjet Limited are as follows:

	Annual Emoluments		Long Term Emoluments	Total
	Salary	Directors Fees	Superannuation	
	\$	\$	\$	\$
Allan Nahum	-	18,333	-	18,333
Bernard Lochtenberg	-	15,417	-	15,417
David Clarke	151,106	-	15,864	166,970
John Lemish	118,736	-	27,334	146,070
Steven Scheuer	-	7,066	636	7,702
Timothy Dodds	-	-	-	-
Norm Fricker	-	-	-	-

Emoluments of the five most highly paid executive officers of the company and the consolidated entity are as follows:

	Annual Emoluments	Long Term Emoluments	Total
	Salary	Superannuation	
	\$	\$	\$
David Clarke	151,106	15,864	166,970
John Lemish	118,736	27,334	146,070
Dean Maidment	123,853	11,147	135,000
Peter Burton	112,401	18,641	131,042
Richard Noon	10,703	963	11,666

Notes

- (i) The elements of emoluments have been determined on the basis of the cost to the company and the consolidated entity.
- (ii) Executives are those directly accountable and responsible for the operational management and strategic direction of the company and the consolidated entity.
- (iii) No options were issued to directors or executives in the current year. All options previously received vested immediately, therefore the total value of these options granted and remaining unexercised have been included in remuneration disclosures previously. Consequently there is no requirement to amortise the fair value over the vesting period and to disclose this as part of director and executive emoluments.
- (iv) Richard Noon is included in the most highly paid executive officers as he commenced part-time employment on 29 April 2004.

DIRECTORS' MEETINGS

The numbers of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Directors' Meetings	Meetings of Committees	
		Audit	Remuneration
Number of meetings held:	16	4	5
Number of meetings attended:			
Allan Nahum	16		5
Bernard Lochtenberg	11	4	5
David Clarke	16		
John Lemish	14		
Steven Scheuer	12	4	5
Timothy Dodds (Appointed 29 July 2004)	-		
Norm Fricker (Appointed 29 July 2004)	-		

Directors' Report continued

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Webjet Limited support and have adhered to the principles of corporate governance. The company's corporate governance statement is contained in the following section of this annual report.

Signed in accordance with a resolution of the directors.

Allan Nahum
Chairman

Melbourne, 25 August 2004

Corporate Governance Statement

The Board of directors is responsible for corporate governance of the Company and its controlled entities. The Board considers good corporate governance a matter of high importance and aims for best practice in the area of corporate governance. This section describes the main corporate governance practices of the Company.

In reviewing the corporate governance structure of Webjet, the Board have reviewed and considered the ASX Corporate Governance Councils' recommendations. Comment is made where key principles are not followed due to the size and nature of Webjet.

Board responsibilities

The Board's key responsibilities are:

- oversight of the operation of the Group including establishing, reviewing and changing corporate strategies;
- ensuring that appropriate internal control, reporting, risk management and compliance frameworks are in place;
- appointing, removing, reviewing and monitoring the performance of the Managing Director to whom the Board have delegated the day to day management of the Group;
- approval of the annual report (including the accounts), the budget and the business plan of the Group;
- regular (at present at least monthly) review of the Group's performance against the budget and the business plan;
- approving material contractual arrangements including all major investments and strategic commitments;
- making decisions concerning the Group's capital structure, the issue of any new securities and the dividend policy;
- establishing and monitoring appropriate committees of the Board including the audit and risk committee and the remuneration committee;
- reporting to shareholders; and
- ensuring the Company's compliance with all legal requirements including the ASX Listing Rules.

Structure of Board

The maximum number of directors provided for by the Company's constitution is 7 and the Company currently has 7 directors on the Board. A director may be appointed by resolution passed at a general meeting or, in the case of casual vacancies, by the directors.

Potential additions to the Board are carefully considered by the Board prior to being nominated to shareholders or appointed as casual vacancies. In addition both Harvey World Travel Limited and GIW Holdings CV have certain rights to request the appointment of directors to the Board in recognition of their significant investment in the Company.

The Company does have not a specific nomination committee. Given the current size of the Board and the appointment rights of Harvey World Travel Limited and GIW Holdings CV the Company considers a standing nomination committee to be of limited benefit. The Company may revisit this issue in the event that further appointments to the Board are proposed.

The skills, experience, expertise and period of office of each of the directors are set out in the 'Board and Management Section' of the Annual Report.

The Board currently has 2 independent directors being Alan Nahum (Chairman) and Ben Lochtenberg (Deputy Chairman). While this does not represent a majority in number of the directors on the Board, the Company considers that when the appointments by significant shareholders are taken into account, the current Board is sufficiently balanced to protect the interests of shareholders.

The Company facilitates and pays for directors and Board committee members to obtain professional independent advice if they require it.

Code of Conduct

Webjet has a Code of Conduct as well as a number of internal policies and operating procedures aimed at providing guidance to directors, senior management and employees on the standards of personal and corporate behaviour required of all Webjet personnel. The Code of Conduct covers specific issues such as trading in Company securities by Directors, officers and employees and also provides guidance on how to deal with business issues in a manner that is consistent with the Company's responsibilities to its shareholders.

Audit and Risk Committee

The Board has appointed an Audit and Risk Committee that operates under a charter approved by the Board.

The Committee provides a direct link between the Board and the external audit function. The Committee is responsible for reviewing and reporting to the Board that:

- the system of internal control which management has established effectively safeguards the assets of the economic entity;
- accounting records are properly maintained in accordance with statutory requirements;
- financial information provided to shareholders is accurate and reliable;
- and
- the external audit function is effective.

The committee is responsible for the appointment of the external auditor and ensures that the incumbent firm (and the responsible service team) has suitable qualifications and experience to conduct an effective audit. The external audit partner will be required to rotate every five balance dates in accordance with Clerp 9 requirements.

The Audit Committee meets regularly to review the half-year and annual results of Economic Entity, and to review the audit process, and those representations made by management in support of monitoring Economic Entity's commitment to integrity in financial reporting.

Corporate Governance Statement continued

The Chief Financial Officer, Managing Director and the external auditors are invited to attend meetings of the committee at the discretion of the committee.

The members of the Audit and Risk Committee at the date of this Annual Report are the following non-executive directors of the Company: Ben Lochtenberg (who is the Chairman of the Committee), Steven Scheuer and Tim Dodds. The Audit and Risk Committee does not consist of a majority of independent directors because the current structure of the Board (as discussed above) combined with a desire by the Company to have at least three non-executive director members in the Committee makes this not achievable at this stage.

Disclosure

The Company's policy is that shareholders are informed of all major developments that impact on the Company. The Company treats its continuous disclosure obligations seriously and has a number of internal operating policies and principles (including the Code of Conduct referred to above) that are designed to promote responsible decision-making and timely and balanced disclosure.

The Board is ultimately responsible for ensuring compliance by senior management and employees of the Company with the Company policies and therefore requires that senior management and employees have an up to date understanding of ASX listing requirements. The Company also ensures that the directors and senior management obtain timely and appropriate external advice where necessary.

The Company currently places all relevant announcements made to the market including all past annual reports together with related information on its website: www.webjet.com.au.

Additionally, the Company ensures that its external auditor is represented at the annual general meeting to answer shareholder questions about the conduct of the audit and the preparation of the auditor's report.

Business risk management

The Company endeavours at all times to minimise and effectively manage risk. The Audit and Risk Committee reviews the control systems and policies of the Company in relation to risk management on an ongoing basis and maintains a diagrammatic representation of the key operating and control systems of the company.

The Audit and Risk Committee reviews key matters of business risk management and ensures appropriate measures are in place to protect the assets of the company including the security of its software, the security of its premises and the appropriate provisioning of insurance policies.

In addition, the Audit and Risk Committee regularly provides specific advice or recommendations to the Board regarding the existence and status of business risks that the Company faces.

Performance and remuneration

The Board monitors and reviews the performance of the executive directors including the Managing Director as well as the performance of key senior management. The Board receives regular updates of the performance of the Group as a whole.

Additionally the Board monitors its own performance by nominating a director to evaluate the performance of each Board meeting and highlight ways that the Board can operate more effectively. The Chairman of the Company endeavours to implement change at a Board level to incorporate recommendations that flow out of this review process.

The Company has in place a Nomination and Remuneration Committee which seeks to ensure that the Company's remuneration levels are appropriate and aimed at delivering the maximum benefit for the Company. The Remuneration Committee has responsibility ensuring that the Company :

- has coherent remuneration policies and practices to attract and retain executives and directors who will create value for shareholders;
- observes those remuneration policies and practices; and
- fairly and responsibly rewards executives having regard to the performance of the Group, the performance of the executives and the general pay environment.

The current members of the Remuneration Committee are the two independent directors Ben Lochtenberg (Chairman) and Alan Nahum and also another director Steve Scheuer. The Committee receives external assistance and advice to assist it in determining appropriate levels of remuneration for the directors of the Company.

Remuneration details of each of the directors and senior management are set out in the 'Financial Report' section of the Annual Report.

Statement of Financial Performance

YEAR ENDED 30 JUNE 2004

	Notes	Economic Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
REVENUE FROM ORDINARY ACTIVITIES	2	1,475,603	1,437,596	4,095	14,305
Depreciation and amortisation expenses	3	(43,330)	(80,086)	-	-
Salaries and employee benefits expense		(957,841)	(921,712)	-	-
Website hosting expenses		(434,960)	(376,688)	-	-
Marketing expenses		(400,906)	(679,346)	-	(628,435)
Rent		(158,640)	(146,446)	-	(23,000)
Directors' fees		(41,452)	(51,097)	(41,452)	(51,097)
Professional fees		(126,882)	(286,803)	(27,000)	(229,621)
Web and software development		-	(145,475)	-	(145,475)
Insurance		(44,204)	(40,622)	(44,204)	(39,658)
Telephones		(71,353)	(62,432)	-	(30,000)
Diminution in value of investment		-	-	(550,000)	(4,000,000)
Doubtful debts		(99,489)	(40,000)	-	-
Listing and registry fees		(48,558)	(51,413)	(48,558)	(51,413)
Stationery		(16,215)	(14,090)	-	(10,000)
Other expenses from ordinary activities	3	(173,448)	(225,553)	(1,069)	(121,812)
LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		(1,141,675)	(1,684,167)	(708,188)	(5,316,206)
INCOME TAX EXPENSE RELATING TO ORDINARY ACTIVITIES	4	-	-	-	-
LOSS FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE		(1,141,675)	(1,684,167)	(708,188)	(5,316,206)
NET LOSS		(1,141,675)	(1,684,167)	(708,188)	(5,316,206)
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS ATTRIBUTABLE TO MEMBERS OF WEBJET LIMITED		(1,141,675)	(1,684,167)	(708,188)	(5,316,206)
Basic loss per share (cents per share)	7	0.70	1.25		
Diluted loss per share (cents per share)	7	0.68	1.24		

The Statement of Financial Performance is to be read in conjunction with the Notes to the Financial Statements.

Statement of Financial Position

AT 30 JUNE 2004

	Notes	Economic Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
CURRENT ASSETS					
Cash assets		794,512	1,843,083	37,438	107,587
Receivables	9	243,373	191,251	-	814
Other	11	36,185	43,758	-	-
TOTAL CURRENT ASSETS		1,074,070	2,078,092	37,438	108,401
NON-CURRENT ASSETS					
Receivables	10	-	-	-	1,500,689
Other financial assets	14	-	-	1,018,336	68,336
Property, plant and equipment	12	70,761	95,646	-	-
Intangible assets	13	1,857,450	576,294	1,831,398	-
TOTAL NON-CURRENT ASSETS		1,928,211	671,940	2,849,734	1,569,025
TOTAL ASSETS		3,002,281	2,750,032	2,887,172	1,677,426
CURRENT LIABILITIES					
Payables	15	1,359,389	816,534	1,012,129	200,000
Interest-bearing liabilities	17	-	135	-	135
Provisions	18	68,321	58,537	-	-
TOTAL CURRENT LIABILITIES		1,427,710	875,206	1,012,129	200,135
NON-CURRENT LIABILITIES					
Payables	16	400,000	-	664,520	-
TOTAL NON-CURRENT LIABILITIES		400,000	-	664,520	-
TOTAL LIABILITIES		1,827,710	875,206	1,676,649	200,135
NET ASSETS		1,174,571	1,874,826	1,210,523	1,477,291
EQUITY					
Contributed equity	21	10,769,154	10,327,734	10,769,154	10,327,734
Accumulated losses	20	(9,594,583)	(8,452,908)	(9,558,631)	(8,850,443)
TOTAL EQUITY		1,174,571	1,874,826	1,210,523	1,477,291

The Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements.

Statement of Cash Flows

YEAR ENDED 30 JUNE 2004

	Notes	Economic Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		1,304,340	1,271,440	-	-
Payments to suppliers and employees		(2,215,176)	(3,050,596)	(69)	(1,330,511)
Interest received		38,498	54,211	4,095	14,305
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	8(a)	(872,338)	(1,724,945)	4,026	(1,316,206)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of plant and equipment		(2,018)	(6,973)	-	-
Payment for intangible assets		(1,143,490)	(251,001)	-	-
External contribution to development of software		800,000	-	800,000	-
Loan to controlled entity		-	-	(1,190,000)	(1,888,171)
Repayments of loan by controlled entity		-	-	-	1,330,156
Investment in controlled entity		-	-	-	(400,000)
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		(345,508)	(257,974)	(390,000)	(958,015)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issues of shares		315,960	1,785,000	315,960	1,785,000
Payment of share issue costs		(146,550)	(306,829)	-	(306,829)
Proceeds from issue of debentures		-	200,000	-	200,000
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		169,410	1,678,171	315,960	1,678,171
NET DECREASE IN CASH HELD		(1,048,436)	(304,748)	(70,014)	(596,050)
Add opening cash brought forward		1,842,948	2,147,696	107,452	703,502
CLOSING CASH CARRIED FORWARD	8(b)	794,512	1,842,948	37,438	107,452

The Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements.

Notes to the Financial Statements

30 JUNE 2004

1. 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 which includes applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report covers the economic entity of Webjet Limited and controlled entities, and Webjet Limited as individual parent entity. Webjet Limited is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non current assets. Cost is based on the fair values of the consideration given in exchange for assets.

(b) Principles of consolidation

A controlled entity is an entity controlled by Webjet Limited. Control exists where Webjet Limited has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with Webjet Limited to achieve the objectives of Webjet Limited.

The consolidated financial statements are those of economic entity, comprising Webjet Limited (the parent entity) and Webjet Marketing Pty Ltd and its subsidiary, Webjet Operations (Australia) Pty Ltd (the wholly owned subsidiaries). The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

All intercompany balances and transactions have been eliminated on consolidation.

(c) Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

(d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

Plant and Equipment

Plant and equipment are measured on the cost basis.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets are depreciated on the diminishing value basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Office furniture and equipment	15%
Computer equipment and software	40%

(e) Income tax

Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change occur in taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Notes continued

30 JUNE 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Intangibles

Intangibles are valued in the accounts at cost. The related benefits are amortised over a three-year period (33% straight-line), with the exception of licences which will be amortised from 1 July 2004 at 20% straight line, or another rate based on the directors estimate of the useful life of the licences over the next 12 months.

The Travel Service Aggregator (internet booking platform) commenced business operations on the 14th of January 2004. In the period from January 2004 to 30 June 2004 a series of configuration changes, adjustments and modifications were engineered which resulted in the stabilisation of the core operating system. Future changes to the TSA platform are likely to be a consequence of market opportunities and enhancements.

The carrying amounts of intangibles are reviewed at the end of each accounting period. Where the balance exceeds the value of expected future benefits, the difference is charged to the profit and loss account. In assessing future benefits, cash flows were discounted and limited to a five year period.

(g) Revenue recognition

Revenue from commission on the sale of airline tickets and travel packages is recognised when the booking is made by the consumer, with the exception of the sale of airline tickets via hyperlink to a third-party supplier, where the company does not carry the credit risk associated with the sale, which are accounted for on a cash received basis. 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.

Interest revenue is recognised as it accrues.

All revenue is stated net of goods and services tax (GST).

(h) Research and Development Expenditure

Research and development costs are charged to loss from ordinary activities before income tax as incurred or deferred where it is expected beyond any reasonable doubt that sufficient future benefits will be derived so as to recover those deferred costs.

Deferred research and development expenditure is amortised over straight-line basis over the period during which the related benefits are expected to be realised, once commercial production has commenced. In assessing expected future benefits, the expected net cash flows have not been discounted to their present values in determining recoverable amounts.

(i) Employee benefits

Provision is made for the company's liability for employee benefits arising from the services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries and annual leave which will be settled within one year have been measured at their amounts expected to be paid when the liability is settled plus related oncosts. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions made by the economic entity to an employee superannuation fund are charged as expenses when incurred.

Webjet Limited grants options to purchase ordinary shares in the company to certain employees under an employee share option plan. Other than minimal administration costs, which are expensed when incurred, the plan does not result in any expense to the economic entity. Options granted under this plan are recognised in the financial statements when exercised. Further information is set out in Note 22.

(j) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis.

Contingent rentals are recognised as an expense in the financial year in which they are incurred.

Finance leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the group are capitalised at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and charged directly to the Statement of Financial Performance.

Notes continued

30 JUNE 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Investments

Non-current investments are measured on the cost basis. The carrying amount of non-current investments is reviewed annually by directors to ensure it does not exceed the recoverable amount of these investments. The recoverable amount is assessed from the quoted market values for listed investments or the underlying net assets for other non-listed investments.

The expected net cash flows from investments have not been discounted to the present value in determining the recoverable amounts.

(l) Adoption of Australian Equivalents to International Financial Reporting Standards

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing on or after 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of the next financial year.

The economic entity's management, along with its auditors, are assessing the significance of these changes and preparing for their implementation. The consolidated entity is and will be seeking external assistance to account for and disclose the changes in the financial report that will result from their introduction. The consolidated entity has already sought external advice in relation to some of these matters.

The directors are of the opinion that the key differences in the economic entity's accounting policies which will arise from the adoption of IFRS are:

— Research and Development Expenditure:

Pending Standard AASB 138: Intangible Assets requires that costs associated with research costs be expensed in the period in which they are incurred. In terms of the current policy, research costs are capitalised to the statement of financial position where it is expected beyond any reasonable doubt that sufficient future benefits will be derived so as to recover these deferred costs.

— Impairment of Assets:

The group determines the recoverable amount of an asset, with the exception of Intangibles, on the basis of undiscounted net cash flows that will be received from the assets use and subsequent disposal. In terms of pending AASB 136: Impairment of Assets, the recoverable amount of an asset will be determined as the higher of the fair value less costs to sell and value in use. It is likely that this change in accounting policy will lead to impairments being recognised more often than under the existing policy.

— Income Tax:

Currently, the group adopts the liability method of tax effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Net timing differences are currently not recognised due to there being no virtual certainty of these amounts being realised. Under AASB 112, the group will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing differences and permanent differences between taxable income and accounting profit.

— Options Issued to Employees and Directors:

The group does not currently recognise an expense for options issued to employees and directors, under the employee and directors option scheme. On adoption of AASB 2, the group will recognise an expense for all share-based remuneration, including deferred shares and options, and will amortise those expenses over the relevant vesting periods. This will result in additional expenses being recorded and therefore lower earnings.

Notes continued

30 JUNE 2004	Notes	Economic Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
2. REVENUE FROM ORDINARY ACTIVITIES					
Revenues from operating activities					
Commission revenue		1,158,687	1,009,720	-	-
Commission revenue - hyperlink sales		207,408	205,665	-	-
Marketing support		71,010	168,000	-	-
Total revenues from operating activities		1,437,105	1,383,385	-	-
Revenues from non-operating activities					
Interest					
Other persons/corporations		38,498	54,211	4,095	14,305
Total revenues from ordinary activities		1,475,603	1,437,596	4,095	14,305
3. EXPENSES AND LOSSES/(GAINS)					
(a) Expenses					
Depreciation of non-current assets					
Office furniture and equipment		4,034	7,658	-	-
Computer equipment and software		22,869	48,317	-	-
Total depreciation of non-current assets		26,903	55,975	-	-
Amortisation of non-current assets					
Website development		16,238	24,111	-	-
Research and development costs		189	-	-	-
Total amortisation of non-current assets		16,427	24,111	-	-
Total depreciation and amortisation expenses		43,330	80,086	-	-
Bad and doubtful debts - trade debtors		99,489	40,000	-	-
Diminution in value of investment		-	-	550,000	4,000,000
Write down of intangible assets to recoverable amount		-	33,249	-	-
Operating lease rental					
— minimum lease payments		158,640	146,446	-	23,000
Research and development costs		33,750	-	-	-
4. INCOME TAX					
The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax benefit as follows:					
Prima facie tax benefit on loss from ordinary activities		(342,503)	(505,250)	(212,456)	(1,594,862)
Tax effect of permanent differences					
Diminution in value of investment		-	-	165,000	1,200,000
Amortisation of intangible assets		4,928	7,233	-	-
Income tax expense (benefit) adjusted for permanent differences		(337,575)	(498,017)	(47,456)	(394,862)
Timing differences and tax losses not brought to account as future income tax benefits		337,575	498,017	47,456	394,862
Income tax expense attributable to ordinary activities		-	-	-	-

Notes continued

30 JUNE 2004

Notes

Economic Entity

Parent Entity

2004

2003

2004

2003

\$

\$

\$

\$

4. INCOME TAX (cont'd)

Income tax losses

Future income tax benefit arising from tax losses and timing differences not recognised at reporting date as realisation of the benefit is not regarded as virtually certain

2,187,922

1,850,347

784,372

736,916

This future income tax benefit will only be obtained if:

- (a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- (b) the conditions for deductibility imposed by tax legislation continue to be complied with; and
- (c) no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

The Company cannot claim a deduction for losses incurred prior to 22 March 2001 due to the change of business activity and substantial changes to the shareholders.

5. DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Details of Specified Directors and Specified Executives

(i) Specified directors

Allan Nahum	Non Executive Chairman
Bernard Lichtenberg	Non Executive Deputy Chairman
David Clarke	Executive Managing Director
John Lemish	Executive Operations Director
Steven Scheuer	Non Executive Director
Timothy Dodds	Non Executive Director - Appointed 29 July 2004
Norm Fricker	Non Executive Director - Appointed 29 July 2004

(ii) Specified executives

Dean Maidment
Peter Burton
Richard Noon

(b) Remuneration of Specified Directors and Specified Executives

(i) Remuneration Policy

When setting fees for individual directors, account is taken of the responsibilities inherent in the stewardship of the economic entity and the demands made of directors in the discharge of their responsibilities.

Please refer to the Directors Report for further information on performance and remuneration.

Notes continued

30 JUNE 2004

5. DIRECTOR AND EXECUTIVE DISCLOSURES (cont'd)

(ii) Remuneration of Specified Directors and Specified Executives

	Primary			Post Employment		Equity	Other	Total
	Salary & Fees	Cash Bonus	Non Monetary benefits	Superan- uation	Retirement benefits	Options	Bonuses	
Specified directors								
Allan Nahum								
2004	18,333	-	-	-	-	-	-	18,333
2003	21,833	-	-	-	-	20,000	-	41,833
Bernard Lochtenberg								
2004	15,417	-	-	-	-	-	-	15,417
2003	20,000	-	-	-	-	14,000	-	34,000
David Clarke								
2004	151,106	-	-	15,864	-	-	-	166,970
2003	147,688	-	-	33,842	-	40,000	-	221,530
John Lemish								
2004	118,736	-	-	27,334	-	-	-	146,070
2003	162,030	-	-	19,500	-	40,000	-	221,530
Steven Scheuer								
2004	7,066	-	-	636	-	-	-	7,702
2003	7,464	-	-	1,800	-	12,000	-	21,264
Timothy Dodds *								
Norm Fricker *								
Total Remuneration: Specified Directors								
2004	310,658	-	-	43,834	-	-	-	354,492
2003	359,015	-	-	55,142	-	126,000	-	540,157
* Appointed 29 July 2004 and therefore no remuneration paid during the year ended 30 June 2004.								
Specified Executives								
Dean Maidment								
2004	123,853	-	-	11,147	-	-	-	135,000
2003	142,156	-	-	12,794	-	27,000	-	181,950
Peter Burton								
2004	112,401	-	-	18,641	-	-	-	131,042
2003	151,667	-	-	32,500	-	10,000	-	194,167
Richard Noon								
2004	10,703	-	-	963	-	-	-	11,666
Total Remuneration: Specified Executives								
2004	246,957	-	-	30,751	-	-	-	277,708
2003#	293,823	-	-	45,294	-	37,000	-	376,117

Group totals in respect of the financial year ended 2003 do not necessarily equal the sums of amounts disclosed for 2003 for individuals specified in 2004, as different individuals were specified in 2003.

Richard Noon is included in the most highly paid executive officers as he commenced part-time employment on 29 April 2004.

(c) Remuneration options: Granted and vested during the year

No options were granted and no shares were issued on exercise of options during the financial year.

Notes continued

30 JUNE 2004

5. DIRECTOR AND EXECUTIVE DISCLOSURES (cont'd)

(d) Option holdings of specified directors and specified executives

	Balance at beginning of period 1 July 2003	Granted as Remuneration	Options Exercised	Net Change Other	Balance at end of period 30 June 2004	Vested at 30 June 2004		
						Total	Not exercisable	Exercisable
Specified Directors								
Allan Nahum	1,000,000	-	-	(500,000)	500,000	500,000	-	500,000
Bernard Lochtenberg	700,000	-	-	(200,000)	500,000	500,000	-	500,000
David Clarke	2,000,000	-	-	(1,000,000)	1,000,000	1,000,000	-	1,000,000
John Lemish	2,000,000	-	-	(1,000,000)	1,000,000	1,000,000	-	1,000,000
Steven Scheuer	600,000	-	-	(100,000)	500,000	500,000	-	500,000
Specified Executives								
Dean Maidment	900,000	-	-	-	900,000	900,000	-	900,000
Peter Burton	1,000,000	-	-	-	1,000,000	1,000,000	-	1,000,000
Total	8,200,000	-	-	(2,800,000)	5,400,000	5,400,000	-	5,400,000

(e) Shareholdings of Specified Directors and Specified Executives

	Balance 1 July 2003	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2004
Shares held in Webjet Limited					
Specified Directors					
Allan Nahum	2,606,704	-	-	-	2,606,704
Bernard Lochtenberg	300,000	-	-	-	300,000
David Clarke	4,138,344	-	-	(3,107,600)	1,030,744
John Lemish	5,088,350	-	-	-	5,088,350
Steven Scheuer	24,899,143	-	-	-	24,899,143
Specified Executives					
Dean Maidment	592,450	-	-	-	592,450
Richard Noon	-	-	-	400,000	400,000
Total	37,624,991	-	-	(2,707,600)	34,917,391

(f) Other transactions and balances with specified directors and specified executives

Services

Mr Nahum is a former partner (having retired on 1 July 2004) of HLB Mann Judd (formerly MGI Merwick Webster which became HLB Mann Judd during the year ended 30 June 2004), which rendered corporate advice along with accounting and secretarial services and received professional fees totalling \$39,593 for the year ended 30 June 2004 (2003: \$79,970). These fees were charged on normal terms and conditions.

Fees for corporate advisory work of \$ 1,000 were paid to Crimson Skies Pty Ltd, a company of which Mr R Noon is a director and \$3,368 was paid to Amplify, of which Mr R Noon is a partner, for advertising costs.

Notes continued

30 JUNE 2004

Notes

Economic Entity

Parent Entity

2004

2003

2004

2003

\$

\$

\$

\$

6. AUDITORS' REMUNERATION

Amounts received or due and receivable by BDO for:

— an audit or review of the financial report of the entity and any other entity in the consolidated entity	30,930	26,000	21,155	11,700
— other services in relation to the entity and any other entity in the consolidated entity				
- tax compliance	3,700	-	3,700	-
- internal accounting systems review	14,849	-	-	-
- review of monthly financial reports	8,131	-	1,580	-
- other	1,736	4,520	565	3,300
	28,416	4,520	5,845	3,300
	59,346	30,520	27,000	15,000

7. EARNINGS PER SHARE

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

Net loss (1,141,675) (1,684,167)

Adjustments

- -

Earnings used in calculating basic and diluted earnings per share

(1,141,675) (1,684,167)

Number of
sharesNumber of
shares

Weighted average number of ordinary shares used in calculating basic earnings per share

163,289,821 134,285,579

Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share

168,274,317 135,970,515

There are 6,410,000 (2003: 15,796,000) options issued to acquire ordinary shares, all of which are considered non-dilutive for the year ended 30 June as they are exercisable at a price greater than the current market price.

Basic loss per share 0.70 1.25

Diluted loss per share 0.68 1.24

8. STATEMENT OF CASH FLOWS**(a) Reconciliation of the net loss after tax to the net cash flows from operations**

Net loss	(1,141,675)	(1,684,167)	(708,188)	(5,316,206)
Non-Cash Items				
Depreciation of non-current assets	26,903	55,975	-	-
Amortisation of non-current assets	16,427	24,111	-	-
Write-down of intangibles to recoverable amount	-	33,249	-	-
Decrement in value of non-current assets	-	-	550,000	4,000,000
Doubtful debts	99,489	40,000	-	-
Expenses paid by issue of shares in parent entity	-	-	162,215	-

Notes continued

30 JUNE 2004

Notes	Economic Entity		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
8. STATEMENT OF CASH FLOWS (cont'd)				
Subsidiary expenses paid by issue of shares in parent	287,970	-	-	-
Changes in assets and liabilities				
(Increase)/decrease in trade and other receivables	(142,122)	(161,612)	814	-
Decrease in other debtors	7,573	25,581	-	-
Increase in trade and other creditors	(36,687)	(62,178)	(815)	-
Increase in employee entitlements	9,784	4,096	-	-
Net cash flow from operating activities	(872,338)	(1,724,945)	4,026	(1,316,206)

(b) Reconciliation of cash

- Cash at bank	421,101	10,352	16,174	-
- Deposits at call	373,411	1,832,731	21,264	107,587
	794,512	1,843,083	37,438	107,587

Reconciliation of cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

- cash on hand	794,512	1,843,083	37,438	107,587
- bank overdraft	-	(135)	-	(135)
Closing cash balance	794,512	1,842,948	37,438	107,452

(c) Non-Cash Financing and Investing Activities*Intangibles*

Shares in the parent entity to the value of \$287,970 were issued as consideration for the acquisition costs associated with the development of intangibles of \$162,800 (including GST) and for advertising of \$125,170 (including GST).

Costs associated with the development of intangible assets were incurred with an aggregate value of \$896,169 (2003: \$242,076) on credit.

9. RECEIVABLES (CURRENT)

Trade debtors	9(a)	357,175	193,194	-	-
Provision for doubtful debts		(130,000)	(40,000)	-	-
		227,175	153,194	-	-
Sundry debtors		16,198	38,057	-	814
		243,373	191,251	-	814

(a) Terms and conditions

- (i) Trade debtors are non-interest bearing and generally on 30 day terms.
(ii) Sundry debtors and other receivables are non-interest bearing and have repayment terms between 30 and 90 days.

10. RECEIVABLES (NON-CURRENT)**Amounts receivable from**

Wholly-owned group					
- controlled entities	25	-	-	-	1,500,689
		-	-	-	1,500,689

(a) Receivables from wholly-owned group entities are non-interest bearing with no expectation of repayment in the near future.

Notes continued

30 JUNE 2004

	Notes	Economic Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
11. OTHER CURRENT ASSETS					
Prepayments		25,204	18,667	-	-
Bonds		10,981	10,981	-	-
Other current assets		-	14,110	-	-
		36,185	43,758	-	-
12. PROPERTY, PLANT AND EQUIPMENT					
Office furniture & equipment					
At cost		43,572	43,572	-	-
Accumulated depreciation		(18,881)	(14,847)	-	-
	12(a)	24,691	28,725	-	-
Computer equipment & software					
At cost		171,083	169,065	-	-
Accumulated depreciation		(125,013)	(102,144)	-	-
	12(a)	46,070	66,921	-	-
Total plant and equipment		70,761	95,646	-	-
Total property, plant and equipment					
Cost		214,655	212,637	-	-
		214,655	212,637	-	-
Accumulated depreciation and amortisation		(143,894)	(116,991)	-	-
Total written down amount		70,761	95,646	-	-

	Economic Entity	Parent Entity
	2004	2004
	\$	\$
12. PROPERTY, PLANT AND EQUIPMENT (cont'd)		
(a) Reconciliations		
Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.		
<i>Office furniture & equipment</i>		
Carrying amount at beginning	28,725	-
Depreciation expense	(4,034)	-
	24,691	-
<i>Computer equipment & software</i>		
Carrying amount at beginning	66,921	-
Additions	2,018	-
Depreciation expense	(22,869)	-
	46,070	-

Notes continued

30 JUNE 2004

	Notes	Economic Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
13. INTANGIBLES					
Licence - at cost	13(a)	1,831,398	-	1,831,398	-
Web development - at cost		48,966	44,966	-	-
Accumulated amortisation		(23,725)	(7,487)	-	-
		25,241	37,479	-	-
Software development under construction - deemed cost		-	538,815	-	-
		-	538,815	-	-
Research & development - deemed cost		1,000	-	-	-
Accumulated amortisation		(189)	-	-	-
		811	-	-	-
		1,857,450	576,294	1,831,398	-

(a) The licence relates to a software platform which was developed during the financial year, tested and revised to ensure stability (refer Note 1(f)).

14. OTHER FINANCIAL ASSETS (NON-CURRENT)

Investments at cost comprise:

Shares

Controlled entities - unlisted	29	-	-	5,568,336	4,068,336
Provision for diminution on unlisted shares		-	-	(4,550,000)	(4,000,000)
		-	-	1,018,336	68,336
		-	-	1,018,336	68,336

15. PAYABLES (CURRENT)

Unsecured liabilities

Trade creditors		982,452	496,316	896,169	-
Other creditors		376,937	120,218	115,960	-
		1,359,389	616,534	1,012,129	-

Secured liabilities

Convertible debentures	16(a)	-	200,000	-	200,000
		1,359,389	816,534	1,012,129	200,000

16. PAYABLES (NON-CURRENT)

Other payables		200,000	-	464,520	-
----------------	--	---------	---	---------	---

Secured liabilities

Convertible debentures	16(a)	200,000	-	200,000	-
		400,000	-	664,520	-

Aggregate amounts payable to related parties:

Wholly owned group

- Controlled entities		-	-	264,520	-
		-	-	264,520	-

(a) Terms and conditions relating to the above financial instruments:

- (i) The debentures are secured zero-coupon convertible debentures. They were issued on 5 May 2003, and are held by persons outside the economic entity and are secured by a bank guarantee. The holder has the right to convert the face value to ordinary shares in Webjet Limited at any time from 1 September 2003 onwards at a conversion price agreed with the Company at the time of conversion, in the range of 80-90% of the volume weighted average trading price during the immediately preceding 20 days. A minimum \$1,000 must be converted at any one time. Any outstanding balance of debentures as at 5 May 2008 must be converted to ordinary shares at that time.

Notes continued

30 JUNE 2004

Notes

Economic Entity

Parent Entity

2004

2003

2004

2003

\$

\$

\$

\$

17. INTEREST-BEARING LIABILITIES (CURRENT)

Bank overdraft

-

135

-

135

-

135

-

135

18. PROVISIONS (CURRENT)

Employee benefits

22

68,321

58,537

-

-

68,321

58,537

-

-

19. EXPENDITURE COMMITMENTS**(a) Lease expenditure commitments***(i) Operating leases (non-cancellable):*

Minimum lease payments

— not later than one year

79,483

77,603

-

-

— later than one year and not later than five years

58,903

144,277

-

-

— aggregate lease expenditure contracted for at reporting date

138,386

221,880

-

-

Notes

- (b) The office lease is a non-cancellable lease with a four year term. Rent is payable monthly in advance. The lease contains two options for a further four years.
- (c) The company also has various rental agreements for computer equipment which are fixed rentals with terms of two or three years. Rental on this equipment is payable monthly in advance.

20. ACCUMULATED LOSSES

Balance at the beginning of year

(8,452,908)

(6,768,741)

(8,850,443)

(3,534,237)

Net loss attributable to members of Webjet Limited

(1,141,675)

(1,684,167)

(708,188)

(5,316,206)

Balance at end of year

(9,594,583)

(8,452,908)

(9,558,631)

(8,850,443)

21. CONTRIBUTED EQUITY**(a) Issued and paid up capital**

Ordinary shares fully paid

10,769,154

10,327,734

10,769,154

10,327,734

10,769,154

10,327,734

10,769,154

10,327,734

Notes continued

30 JUNE 2004

21. CONTRIBUTED EQUITY (cont'd)

(b) Movements in shares on issue

	2004		2003	
	Number of shares	\$	Number of shares	\$
Beginning of the financial year	159,591,606	10,327,734	123,891,606	8,849,563
Issued during the year:				
— Issue to directors (approved 28 April 2003) @ \$0.05 per share	-	-	1,850,000	92,500
— Private placements:				
Issue to Galileo 19 May 2003 @ \$0.05 per share	-	-	15,850,000	792,500
Placements (Listing plus Ausstock) @ \$0.05 per share	-	-	16,310,000	815,500
Issue to Arnold for the provision of software services on 7 October 2003 @ \$0.035 per share	2,857,143	162,800	-	-
Issue to Tony & White Media Services for the provision of media services on 5 March 2004 @ \$0.040660285 per share	318,640	12,956	-	-
Issue to Mediapoint for the provision of media services on 5 March 2004 @ \$0.060975901 per share	879,003	53,598	-	-
Issue to Armchair Entertainment for the provision of media services on 5 March 2004 @ \$0.060975901 per share	879,003	53,598	-	-
Issue to Galileo on 4 May 2004 @ \$0.05 per share	6,000,000	300,000	-	-
Issue to Tony & White Media Services for the provision of media services on 10 May 2004 @ \$0.05 per share	112,198	5,018	-	-
— Shareholder Purchase Plan @ \$0.05 per share	-	-	1,690,000	84,500
— Cost of capital raising	-	(146,550)	-	(306,829)
End of the financial year	170,637,593	10,769,154	159,591,606	10,327,734

(c) Share Options

Details of share options over ordinary shares outstanding at the end of the year:

Grant Date	Exercise Date(from)	Expiry Date	Exercise Price	Number 2004	Number 2003
19 Dec 00	-	02 Dec 03	0.200000	-	125,000
01 Jan 02	30 Jun 03	30 Jun 04	0.056020	-	4,501,000
17 Jan 02	01 Jan 03	31 Dec 03	0.046127	-	900,000
15 Nov 02	30 Apr 04	30 Apr 05	0.067840	2,910,000	3,770,000
18 Nov 02	18 May 04	18 May 05	0.066700	3,500,000	3,500,000
07 Feb 03	07 Feb 03	15 Dec 03	0.050000	-	3,000,000
				6,410,000	15,796,000

No options were issued over ordinary shares during the financial year.

Employee share scheme

Details of employee share options are provided in Note 5

Notes continued

30 JUNE 2004

21. CONTRIBUTED EQUITY (cont'd)

(d) Terms and conditions of contributed equity

Ordinary shares

Ordinary shares participate in dividends and the proceeds of winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

30 JUNE 2004

	Economic Entity		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$

22. EMPLOYEE BENEFITS AND SUPERANNUATION COMMITMENTS

Employee Benefits

The aggregate employee benefit liability is comprised of:

Provisions (current)	68,321	58,537	-	-
	68,321	58,537	-	-
No of employees at year end	14.5	15.0	-	-

Employee Share Scheme

The company continued to operate the directors and employee share option plan during the year. Each option issued under the plan is convertible to one ordinary share. The exercise price of the options is determined in accordance with rules of the plan.

There are no voting or dividend rights attached to the options or the unissued shares. The options are not quoted on the ASX. No shares have been issued by virtue of the exercise of an option during the year.

Information with respect to the number of options granted under the employee share incentive scheme is as follows:

		2004		2003	
		Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of year	22(a)	12,796,000	0.0631	6,666,000	0.0574
- granted	22(b)	-	-	7,270,000	0.0673
- forfeited		(6,386,000)	0.0590	(1,140,000)	0.0560
Balance at end of year	22(c)	6,410,000	0.0672	12,796,000	0.0631
Exercisable at end of year		6,410,000	0.0672	12,796,000	0.0631

(a) Options held at the beginning of the reporting period

The following table summarises information about options held by employees as at 1 July 2003:

Number of options	Grant date	Vesting date	Expiry date	Weighted average exercise price
125,000	19 Dec 00	-	02 Dec 03	.200000
4,501,000	01 Jan 02	30 Jun 03	30 Jun 04	.056020
900,000	17 Jan 02	01 Jan 03	31 Dec 03	.046127
3,770,000	15 Nov 02	18 May 04	18 May 05	.067840
3,500,000	18 Nov 02	30 Apr 04	30 Apr 05	.066700

Notes continued

30 JUNE 2004

22. EMPLOYEE BENEFITS AND SUPERANNUATION COMMITMENTS (cont'd)

(b) Options granted during the reporting period

(i) No options were granted during the year ended 30 June 2004.

(ii) The following table summarises information about options granted during the year ended 30 June 2003:

Number of options	Grant date	Vesting date	Expiry date	Weighted average exercise price
3,770,000	15 Nov 02	30 Apr 04	30 Apr 05	0.067840
3,500,000	18 Nov 02	18 May 04	18 May 05	0.066700

(c) Options held as at the end of the reporting period

The following table summarises information about options held by employees as at 30 June 2004:

Number of options	Grant date	Vesting date	Expiry date	Weighted average exercise price
2,910,000	15 Nov 02	30 Apr 04	30 Apr 05	.067840
3,500,000	18 Nov 02	18 May 04	18 May 05	.066700

23. SEGMENT INFORMATION

Segment products and locations

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

The economic entity operates in one geographical segment being Australia.

24. SUBSEQUENT EVENTS

The company entered into various arrangements with Harvey World Travel Limited on 12 July 2004 as approved by the majority of shareholders at a general meeting of shareholders. Under these arrangements, Harvey World Travel Limited is to subscribe for 21,000,000 shares in Webjet Limited. The first tranche of 7,000,000 shares was issued on 21 July 2004 for \$0.04 per share. The second Tranche of 7,000,000 shares was issued on 26 July 2004 for \$0.04 per share. The remaining tranche of 7,000,000 shares will be issued subject on satisfaction of various performance hurdles in relation to the deployment of the software for use in Harvey World Travel Limited's operations.

Also as part of the agreement, the following options were issued to Harvey World Travel Limited on 24 July 2004:

- 23,000,000 options for 23,000,000 ordinary fully paid shares with an exercise price of \$0.04 per option, expiring 180 days after the date of satisfaction by Webjet of deployment of the software in Harvey World Travel Limited's operations.
- 56,000,000 options issued for \$56,000, exercisable in minimum tranches of 1,000,000 for an exercise price at varying discounts to the volume weighted average share price determined by the period from grant date when those tranches are exercised, expiring 5 years after the date of satisfaction by Webjet of the deployment of software in Harvey World Travel Limited's operations.

The financial effect of each of the above events has not been recognised.

25. RELATED PARTY DISCLOSURES

Wholly-owned group transactions

Webjet Limited (the parent entity) purchased ordinary shares in Webjet Marketing Pty Ltd (the subsidiary) during the financial year (refer Note 29).

The Webjet Limited interest free loan to Webjet Marketing Pty Ltd shown in the previous report of \$1,500,689 was repaid during the year.

Webjet Marketing Pty Ltd provided an interest free loan to Webjet Limited during the financial year which is not payable in the next twelve months (refer Note 16)

Notes continued

30 JUNE 2004

26. FINANCIAL INSTRUMENTS

26(a) Interest rate risk

The economic entity's exposure to interest rate risks, which is the risk that a financial instrument's value will fluctuate as a result of a movement in market interest rates and the effective weighted interest rates on classes of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

Financial Instruments	Floating interest rate		Non-interest bearing		Total carrying amount as per the statement of financial position		Weighted average effective interest rate	
	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$	2004 %	2003 %
<i>(i) Financial assets</i>								
Cash	794,512	1,843,083	-	-	794,512	1,843,083	4.7	4.1
Trade and other receivables	-	-	373,373	231,251	373,373	231,251	-	-
Total financial assets	794,512	1,843,083	373,373	231,251	1,167,885	2,074,334		
<i>(ii) Financial liabilities</i>								
Trade and sundry creditors	-	-	1,559,389	616,534	1,559,389	616,534	-	-
Debentures	-	-	200,000	200,000	200,000	200,000	-	-
Total financial liabilities	-	-	1,759,389	816,534	1,759,389	816,534		

There were no fixed interest rate financial liabilities or assets.

26(b) Net fair values

The carrying amounts of financial assets are the same as net fair value at 30 June 2004 and 2003

26(c) Credit risk exposures

The maximum exposure to credit risk at balance date, excluding the value of any collateral or other security, to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Concentration of credit risk in respect of trade debtors exists. As at 30 June 2004, 68% (2003: 57%) of the consolidated entity's trade debtors were owed by national and international airlines. One customer, Qantas Airways Limited owed \$153,727 (2003: \$123,556) of the consolidated entity's trade debtors.

27. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(a) Contingent Liabilities Other Persons

During the year ended 30 June 2004 the company concluded arrangements with Galileo on a basis somewhat different to that envisaged at the time shareholder approval was obtained on 28 April 2003 and appropriate market advice was released to the Australian Stock Exchange on 3 February 2004.

The details of these arrangements are:

- Galileo agreed to waive the requirement for Webjet to raise further funding of a value equivalent to the \$800,000 being provided by Galileo;
- as the TSA was developed ahead of schedule, the second, third and fourth tranches were rolled into the single payment of \$800,000 by Galileo; and
- as a consequence of the application of US accounting rules that affect Galileo and the restriction contained in the original agreements preventing Galileo acquiring a voting interest in Webjet of greater than 20% in Webjet, no further shares will be issued to Galileo at this stage.

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

- it is capped at a nominal non-cash subscription amount of \$800,000;
- any resultant equity increase will be reflected as an increase in the value of the intangibles subject to impairment testing;
- it is subject to Webjet obtaining any necessary shareholder approval prior to the issue of such shares; and

Notes continued

30 JUNE 2004

27. CONTINGENT LIABILITIES AND CONTINGENT ASSETS (cont'd)

- it is also subject to Galileo not being in breach of Chapter 6 of the Corporations Act.

The expense associated with the contingent issue of these shares would be further consideration for Webjet's unlimited licence in the Travel Services Aggregator platform developed by Webjet Limited the ownership of which was exchanged for an unlimited licence to use the platform by Webjet during the current financial year on completion of the project.

28. GOING CONCERN

The financial report has been prepared on the basis of going concern despite a deficiency in net current assets in the economic entity of \$353,640 (2003: Surplus \$1,202,886) and in the parent entity of \$974,691 (2003: \$91,734). The directors believe that this basis is appropriate considering the following matters:

The company has signed a subscription agreement with Harvey World Travel Limited subsequent to balance date for which a minimum capital injection of \$616,000 and a maximum of \$896,000 will be received over the next 12 months. The first tranche of \$336,000 was received on 12 July 2004 and the second tranche of \$280,000 was received on 27 July 2004; and

The company will continue to reduce the cash deficit from trading.

29. INTERESTS IN SUBSIDIARIES

Name	Country of incorporation	Percentage of equity interest held by the consolidated entity		Investment	
		2004	2003	2004	2003
		%	%	\$	\$
Webjet Marketing Pty Ltd	Australia	100	100	5,568,336	4,068,336
^ Webjet Operations Pty Ltd	Australia	100	100	2	2
				<u>5,568,338</u>	<u>4,068,338</u>

^ Investment held by Webjet Marketing Pty Ltd

Directors' Declaration

In accordance with a resolution of the directors of Webjet Limited, I state that:

- (1) In the opinion of the directors:
 - (a) the financial statements and notes of the company and of the economic entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and economic entity's financial position as at 30 June 2004 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Allan Nahum
Chairman

Melbourne, 25 August 2004

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF WEBJET LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Webjet Limited (the company) and the consolidated entity, for the year ended 30 June 2004. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. [In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.]

Audit Opinion

In our opinion, the financial report of Webjet Limited is in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Webjet Limited and the consolidated entity at 30 June 2004 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.

BDO

Robert D D Collie

Partner

Melbourne

Date: 25 August 2004

ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 9 August 2004.

(a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of share are:

		Ordinary shares	
		Number of holders	Number of shares
1	- 1,000	7	4,215
1,001	- 5,000	165	616,954
5,001	- 10,000	292	2,606,440
10,001	- 100,000	667	27,354,690
100,001	and over	193	155,295,529
		1,324	185,877,828
The number of shareholders holding less than a marketable parcel of shares are:		523	3,951,139

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	Mr Steven Scheuer	24,899,143	13.40
2	GIW Holdings CV	15,850,000	8.53
3	Harvey World Travel Limited	14,000,000	7.53
4	Capstan Group Pty Ltd	5,825,470	3.13
5	Mr John Lemish	5,088,350	2.74
6	Southern Cross Distribution Systems Pty Ltd	5,000,000	2.69
7	Ms Angela Knell	4,185,481	2.25
8	Denlie Pty Ltd <Bowen Pension Fund A/C>	3,550,000	1.91
9	Brincliffe Pty Ltd <Brincliffe Super Fund A/C>	3,225,100	1.74
10	Mr Chris Carr & Mrs Betty Carr	3,206,511	1.73
11	UBS Nominees Pty Ltd <Prime Broking A/C>	3,000,000	1.61
12	Mr Rhett Gary Harris	2,287,402	1.23
13	Mr Robert Karl Stahl	1,983,064	1.07
13	Roemer Nominees Pty Ltd	1,793,778	0.97
15	Obelisk Nominees Limited <#98/01 A/C>	1,664,171	0.90
16	Mrs King-Eng Tan	1,480,000	0.80
17	Marari Nominees Pty Ltd <Investment Super A/C>	1,400,000	0.75
18	Citicorp Nominees Pty Ltd	1,300,000	0.70
19	Mr Warren Saxelby & Ms Peta Saxelby <Saxelby Superfund A/C>	1,220,000	0.66
20	Mr Finlay Stuart & Mr Andrew Stuart <Finlay Stuart S/Fund A/C>	1,180,000	0.63
		102,138,470	54.97

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of Shares
Mr Steven Scheuer	24,899,143
GIW Holdings CV	15,850,000
Harvey World Travel Limited	14,000,000

ASX Additional Information continued

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.