

Webjet Limited

ABN 68 002 013 612

Half-Year Financial Report

Half-Year Ended 31 December 2010

Corporate Information

Directors

Allan Nahum (Non Executive Chairman)
David Clarke (Executive Managing Director)
Richard Noon (Executive Director)
Steven Scheuer (Non Executive Director)
John Guscic (Non Executive Director)
Christopher Newman (Non Executive Director)
Don Clarke (Non Executive Director)

Company Secretary

John Viegas

Registered Office

Level 9
492 St Kilda Road
Melbourne Vic 3004

Solicitors

Minter Ellison
525 Collins Street
Melbourne Vic 3000

Bankers

St George Bank
530 Collins Street
Melbourne VIC 3000

Share Registry

Computershare
Level 5
115 Grenfell Street
Adelaide SA 5000

Auditors

BDO
248 Flinders Street
Adelaide SA 5000

Internet Address

www.webjet.com.au

Webjet Limited – Half-Year Report And Controlled Entities

CONTENTS

	<u>Page</u>
Half-Year Condensed Financial Statements	
Directors' Report	3
Condensed Consolidated Statement of Comprehensive Income	5
Condensed Consolidated Statement of Financial Position	6
Condensed Consolidated Statement of Changes In Equity	7
Condensed Consolidated Statement of Cash Flows	8
Notes to the Condensed Financial Statements	9
Managing Director and Financial Controller Sign Off	12
Directors' Declaration	13
Auditor's Independence Declaration	14
Independent Auditor's Review Report	15

Directors' Report

Review of Operations

The directors of Webjet Limited submit herewith the financial report of the company and its controlled entities for the half-year ended 31 December 2010. In order to comply with the provisions of the *Corporation Act 2001*, the directors report as follows:

Directors

The names and details of the company's directors in office during the half-year and until the date of this report are as follows:

Allan Nahum, FCA, FICD, AAISA (Non Executive Chairman)
David Clarke (Executive Managing Director)
Richard Noon FCPA, CTFP (Snr), B.Bus, Grad Dip (Acc) (Executive Director – appointed 18 August 2010)
John Lemish, B.Ec (Executive Operations Director – retired 1 July 2010)
Steven Scheuer, B.Bus (Acc) (Non Executive Director)
John Guscic, B.Ec, MBA (Non Executive Director)
Christopher Newman, B.Ec, B.Comm (Non Executive Director)
Don Clarke LLB (Hons) (Non Executive Director)

Review of Operations

The half year ended 31 December 2010 has provided a trading profit of \$5.3M (after providing for income tax) compared to a trading profit (after income tax) for 2009 of \$5.2M, an increase of 1.6%. As advised to the market on 16 November 2010, we incurred costs totalling \$0.25M associated with the due diligence of a potential acquisition in the UK, resulting in the consolidated profit of \$5.0M (after providing for income tax) for 31 December 2010.

The profit before tax for the half year decreased from \$7.27M to \$7.00M, a decrease of 3.9%.

Gross transaction values increased for the half year to 31 December 2010 to \$285M compared to \$248M the previous year, an increase of 15%.

A final dividend of \$0.055 per share fully franked totalling \$4.2M was paid on 8 October 2010. An interim dividend of \$0.05 per share fully franked totalling \$3.9M has been declared and is payable 14 April 2011.

Trading profits have seen a positive net cash flow from operating activities of \$5.31M and has resulted in cash on hand totalling \$31.2M. Webjet has \$9.2M in bank floating rate notes, classified as current other financial assets in the balance sheet, combined with \$31.2M in cash on hand and in bank, has \$40.4M in liquid cash assets.

The calculated effective rate of taxation for the half year is 28%.

**Webjet Limited – Half-Year Report
And Controlled Entities**

Directors' Report

Review of Operations cont.

Whilst it is neither possible nor prudent to make forecasts given the global economic environment, we are again encouraged by the strong start to calendar year 2011.

Auditor's Independence Declaration

A copy of the independence declaration by the lead auditor under section 307C can be found on page 14 of the half-year financial report.

Rounding of amounts to nearest thousand dollars

The company satisfies the requirements of Class Order 98/0100 issued by the Australian Securities and Investments Commission relating to "rounding off" of amounts in the directors' report and the financial report to the nearest thousand dollars. Amounts have been rounded off in the directors' report and financial report in accordance with that Class Order.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors



Don Clarke
Director

Melbourne, 8 February 2011

Condensed Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2010

	Consolidated	
	Half-year ended	
	31 Dec 2010	31 Dec 2009
	\$ (000's)	\$ (000's)
Revenue		
Fees	19,726	17,223
Other Income	744	414
Interest income	1,098	802
	21,568	18,439
Employee benefits	(3,558)	(3,136)
Marketing expenses	(4,453)	(3,618)
Technology expenses	(767)	(806)
Operating expenses	(4,863)	(2,705)
Administrative expenses	(263)	(250)
Directors' fees	(131)	(122)
Depreciation, amortisation and impairments	(213)	(152)
Other expenses	(321)	(380)
	(14,569)	(11,169)
Profit before tax	6,999	7,270
Income tax expense	(1,968)	(2,073)
Profit for the period	5,031	5,197
Other comprehensive income		
Exchange difference on translating foreign operations	(155)	-
Total comprehensive income for the period	4,876	5,197
Profit attributable to:		
Owners of the parent	5,165	5,197
Non-controlling interests	(134)	-
	5,031	5,197
Total comprehensive income attributable to:		
Owners of the parent	5,007	5,197
Non-controlling interests	(131)	-
	4,876	5,197
Earnings Per Share:		
Basic earnings per share (cents per share)	6.69	6.90
Diluted earnings per share (cents per share)	6.63	6.90

Notes to the condensed consolidated financial statements are included on pages 9 to 11.

Condensed Consolidated Statement of Financial Position

As at 31 December 2010

		Consolidated	
	Note	31 Dec 2010 \$ (000's)	30 Jun 2010 \$ (000's)
Current assets			
Cash and cash equivalents		31,224	17,317
Trade and other receivables		2,667	2,100
Other financial assets		9,156	21,562
Other assets		193	120
Total current assets		43,240	41,099
Non-current assets			
Other financial assets		276	200
Property, plant and equipment		1,025	1,126
Deferred tax assets		2,344	2,499
Intangible assets		7,005	6,547
Total non-current assets		10,650	10,372
Total assets		53,890	51,471
Current liabilities			
Trade and other payables		9,238	7,689
Current tax liabilities		521	1,215
Provisions		273	613
Other liabilities		25	-
Total current liabilities		10,057	9,517
Non-current liabilities			
Deferred tax liabilities		1,723	1,578
Provisions		85	65
Total non-current liabilities		1,808	1,643
Total liabilities		11,865	11,160
Net assets		42,025	40,312
Equity			
Issued capital	3	26,752	25,674
Reserves		1,025	1,183
Retained earnings		14,079	13,155
Equity attributable to owners of the parent		41,856	40,012
Non-controlling interests		169	300
Total equity		42,025	40,312

Notes to the condensed consolidated financial statements are included on pages 9 to 11.

**Webjet Limited – Half-Year Report
And Controlled Entities**

Condensed Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2010

	Issued capital \$'000	Retained earnings/ (losses) \$'000	Foreign currency translation reserve \$'000	Option reserve \$'000	Total attributable to owners of the parent \$'000	Non- controlling interests \$'000	Total \$'000
Balance at 1 July 2010	25,674	13,155	58	1,125	40,012	300	40,312
Changes							
Profit for the year	-	5,165	-	-	5,165	(134)	5,031
Other comprehensive income for the year	-	-	(158)	-	(158)	3	(155)
Total comprehensive income for the year	-	5,165	(158)	-	5,007	(131)	4,876
Share issue (exercise of options)	1,078	-	-	-	1,078	-	1,078
Payment of dividends	-	(4,241)	-	-	(4,241)	-	(4,241)
Options exercised	-	-	-	-	-	-	-
Sub-total	1,078	924	(158)	-	1,844	(131)	1,713
Balance at 31 December 2010	26,752	14,079	(100)	1,125	41,856	169	42,025
Balance at 1 July 2009	23,569	9,060	-	1,243	33,872	-	33,872
Changes							
Profit for the year	-	5,197	-	-	5,197	-	5,197
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	5,197	-	-	5,197	-	5,197
Share issue (exercise of options)	734	-	-	-	734	-	734
Payment of dividends	-	(2,627)	-	-	(2,627)	-	(2,627)
Options exercised	(42)	-	-	42	-	-	-
Sub-total	692	2,570	-	42	3,304	-	3,304
Balance at 31 December 2009	24,261	11,630	-	1,285	37,176	-	37,176

Notes to the condensed consolidated financial statements are included on pages 9 to 11.

Condensed Consolidated Statement of Cash Flows

For the half-year ended 31 December 2010

	Consolidated	
	Half-year ended	
	31 Dec 2010	31 Dec 2009
	\$ (000's)	\$ (000's)
Cash from operating activities:		
Receipts from customers	19,931	16,828
Payments to suppliers and employees	(13,359)	(12,088)
Interest received	1,098	716
Income tax paid	(2,361)	(2,149)
Total cash provided by operating activities	5,309	3,307
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(206)	(152)
Acquisition of intangible assets	(459)	(575)
Acquisition of other financial assets	(76)	(200)
Proceeds from sale of available-for-sale financial assets	12,500	-
Net cash used in investing activities	11,759	(927)
Cash flows from financing activities:		
Proceeds from the issue of share capital	1,078	734
Dividends paid	(4,238)	(2,627)
Net cash used in financing activities	(3,160)	(1,893)
Net increase/(decrease) in cash and cash equivalents	13,907	487
Cash and cash equivalents at beginning of period	17,317	9,534
Cash and cash equivalents at end of period	31,224	10,021

Notes to the condensed consolidated financial statements are included on pages 9 to 11.

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 31 December 2010

1 Significant accounting policies

Statement of compliance

This general purpose financial report for the interim half-year reporting period ended 31 December 2010 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report and any public announcements made by Webjet Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Basis of preparation

The condensed consolidated financial statements has been prepared on an accrual basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which fair value basis of accounting has been applied. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2010 annual financial report for the financial year ended 30 June 2010, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and effective for the current reporting period.

2 Segment information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the company's Managing Director for the purposes of resource allocation and assessment of performance is more specifically focused on the category of geographical location. The company's reportable segments under AASB 8 are as follows:-

- Australian & New Zealand
- Other locations

The Australian & New Zealand reportable segment refers to transaction fee and other income derived from the transactions processed through the Australian and New Zealand Webjet websites.

The Other locations reportable segment refers to transaction fee and other income derived from the transactions processed through our other geographical Webjet websites, primarily based throughout Asia and USA.

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 31 December 2010

2 Segment information (continued)

The following is an analysis of the company's revenue and results by reportable operating segment for the periods under review:

	Revenue		Segment profit	
	31 Dec 2010 \$'000	31 Dec 2009 \$'000	31 Dec 2010 \$'000	31 Dec 2009 \$'000
Australia & New Zealand	20,280	17,637	6,419	6,590
Other locations	191	-	(267)	-
	20,471	17,637	6,152	6,590
Investment revenue			1,098	802
Directors' fees			(131)	(122)
Other			(120)	-
Profit before tax			6,999	7,270
Income tax expense			(1,968)	(2,073)
Consolidated segment revenue and profit for the period	20,471	17,637	5,031	5,197

3 Equity Securities Issued

	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
	Shares	Shares	\$'(000's)	\$'(000's)
Exercise of options under the Employee option plan	800,000	670,000	1,078	734
Total	800,000	670,000	1,078	734

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 31 December 2010

4 Dividends paid

	31 Dec 2010		31 Dec 2009	
	Cents per share	Total \$(000's)	Cents per share	Total \$(000's)
Fully paid ordinary shares				
Dividends paid during the half-year	5.5	4,241	3.5	2,627

5 Issuances, repurchases and repayments of equity securities

Issued capital as at 31 December 2010 amounted to \$26,751,515 (77,661,278 ordinary shares).

During the half-year reporting period, the company issued 800,000 ordinary shares for \$1,078,400 on exercise of 800,000 share options issued under its executive share option plan. There were no other movements in the ordinary share capital or other issued share capital of the company in the current or prior half-year reporting period.

6 Contingent assets and liabilities

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

7 Rounding of amounts

The company satisfies the requirements of Class Order 98/0100 issued by the Australian Securities and Investments Commission relating to "rounding off" of amounts in the directors' report and the financial report to the nearest thousand dollars. Amounts have been rounded off in the directors' report and financial report in accordance with that Class Order.

8 Post balance date events

An interim dividend of \$0.05 per share fully franked totalling \$3.9M has been declared and is payable 14 April 2011.

Managing Director and Financial Controller Sign Off

The Managing Director and Financial Controller of Webjet Limited state that:

1. With regard to the integrity of the financial statements of Webjet Limited for the half-year ended 31 December 2010, that having made appropriate enquiries, in our opinion:
 - (a) the financial records of Webjet Limited and of the entities for whom financial statements are required to be included in its consolidated financial statements (the Consolidated Entity) for the half-year have been properly maintained in accordance with section 286 of the Corporations Act 2001; and
 - (b) the financial report of Webjet Limited, being the financial statements and notes for the half-year, present a true and fair view, in all material respects of the financial position and performance of the Consolidated Entity in accordance with section 305 of the Corporations Act 2001 and comply with relevant accounting standards, in all material respects, in accordance with section 304 of the Corporations Act 2001.
2. With regard to the risk management and internal compliance and control systems of Webjet Limited in operation as at 31 December 2010, that having made appropriate enquiries, within the context described in point 3 below, to the best of our knowledge and belief.
 - (a) The statements made in 1(b) above regarding the integrity of the financial reports is founded on a sound system of risk management and internal compliance and control systems which, in all material respects, implement the policies adopted by the Board of Directors.
 - (b) The risk management and internal compliance and control systems to the extent they relate to financial reporting are operating effectively, in all material respects.
 - (c) Nothing has come to our attention since 31 December 2010 that would indicate any material change to the statements made in 1(a) and 1(b) above, and
3. The statements made in (2) above regarding the risk management and internal compliance and control systems are made within the following context.
 - (a) These statements provide a reasonable, but not absolute, level of assurance and do not imply a guarantee against adverse events or more volatile outcomes arising in the future.
 - (b) The design and operation of the risk management and internal compliance and control systems relating to financial reporting has been assessed primarily through the use of declarations by process owners who are responsible for those systems.



David Clarke
Managing Director
Date: 8 February 2011



John Viegas
Financial Controller
Date: 8 February 2011

**Webjet Limited – Half-Year Report
And Controlled Entities**

Directors' Declaration

The directors declare that:

- (a) 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; and
- (b) in the directors opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'Don Clarke', with a long horizontal stroke extending to the right.

Don Clarke
Director

Date: 8 February 2011

Auditor's Independence Declaration

DECLARATION OF INDEPENDENCE
BY GREGORY R WIESE
TO THE DIRECTORS OF WEBJET LIMITED

As lead auditor for the review of Webjet Limited for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Webjet Limited and the entities it controlled during the period.



Gregory R Wiese

Partner

BDO (SA)

27 January 2011

Adelaide, South Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Webjet Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Webjet Limited, which comprises the condensed statement of financial position as at 31 December 2010, and the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Webjet Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Webjet Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

A handwritten signature in blue ink that reads 'BDO'.

BDO (SA)

A handwritten signature in blue ink, appearing to read 'Gregory R Wiese'.

Gregory R Wiese
Partner

8 February 2011