Webjet Limited

ABN 68 002 013 612

Annual report
for the year ended 30 June 2016

Webjet Limited ABN 68 002 013 612
Annual report - 30 June 2016

Contents

Directors	David Clarke Chairman and Independent Non-Executive Director John Guscic Managing Director Don Clarke Independent Non-Executive Director Steven Scheuer Non-Executive Director Roger Sharp Independent Non-Executive Director Brad Holman Independent Non-Executive Director Shelley Roberts (appointed 30 April 2016) Independent Non-Executive Director
Secretary	Michael Sheehy
Principal registered office in Australia	Level 2 509 St Kilda Road Melbourne Victoria 3004 Australia (03) 9820 9214
Share register	Computershare Investor Services Pty Ltd Level 5 115 Grenfell Street Adelaide South Australia 5000 (08) 8236 2300
Auditor	BDO Audit (SA) Pty Ltd Level 7, BDO Centre 420 King William Street Adelaide South Australia 5000
Solicitors	Minter Ellison 525 Collins Street Melbourne Victoria 3000
Bankers	National Australia Bank Level 30, 500 Bourke Street Melbourne Victoria 3000 HSBC Level 10, 333 Collins Street Melbourne Victoria 3000
Website	www.webjet.com.au

Your Directors present their report on the Consolidated Entity consisting of Webjet Limited and the entities it controlled at the end of, or during, the year ended 30 June 2016.

The Board currently comprises seven Directors, including six Non-Executive Directors. The Directors are:

(i) David Clarke - Chairman and Independent Non-Executive Director (Age: 69)**
(ii) John Guscic - Managing Director (Age: 52)
(iii) Don Clarke - Independent Non-Executive Director (Age: 62)**
(iv) Steven Scheuer - Non-Executive Director (Age: 59)
(v) Roger Sharp - Independent Non-Executive Director (Age: 55)
(vi) Brad Holman - Independent Non-Executive Director (Age: 54)
(vii) Shelley Roberts - Independent Non-Executive Director (Age: 41)

**Note: David Clarke and Don Clarke are not related.

Directors

David Clarke
(Independent Non-Executive Chairman)
Held senior management positions with the Jetset travel Consolidated Entity 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. David was Managing Director of Webjet from 1999 to January 2011.

John Guscic BEc,
MBA
(Managing Director)
Former Chief Commercial Officer of GTA (a Travelport company). He has been instrumental in identifying and shaping new business ventures; forging strong, strategic relationship and managing both multinational and local customer retention and growth. Prior to Travelport, he founded his own successful strategic consultancy advising internet start-ups. Prior to his appointment as Managing Director in February 2011, John has been a Director since 2006.

Don Clarke
LLB (Hons)
(Independent Non-Executive Deputy Chairman)
Don is a consultant with the law firm, Minter Ellison, having recently retired after 27 years as a corporate partner of the firm. He has extensive commercial law and business experience from over 30 years advising ASX listed and private companies across a broad range of industries on corporate law, governance and investment issues. He has been associated with Webjet in his capacity as a legal adviser or director for over 15 years. Don is also a director of the ASX listed investment company, Contango Income Generator Limited, and several other private companies.

Steven Scheuer
BBus (Acc), CPA
(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. Steven will be retiring as a Director of Webjet at the conclusion of the 2016 AGM.

Roger Sharp
BA LLB
(Senior Non-Executive Independent Director)
Roger Sharp has more than 25 years' experience in investing, financing and running growth companies in global markets. Based in Singapore, he currently serves as a Director or Chairman of Asia Pacific Digital Limited, North Ridge Partners Pty Limited and a microcap New Zealand listed company, GeoOp Limited.

Directors (continued)

Brad Holman
BCom
(Independent Non-Executive Director)
Has over 20 years experience working in and providing services to the travel industry, including President for Travelport's Asia Pacific, Europe, Middle East and African Operations. Brad more recently was the President for International Markets for Blackbaud a NASDAQ listed software and services company specifically focussed on serving the nonprofit community, he was responsible for developing and leading the company's international business strategy and new market entry. Brad left Blackbaud in November 2015 after serving five years in the role.

Shelley Roberts (appointed 30 April 2016)
B.Bus Sci, ACA, GAICD
(Independent Non-Executive Director)
Shelley Roberts has extensive commercial and operational experience in the travel sector through prior management roles at Tiger Airways Australia, easyJet, Macquarie Airports and her present role as the Executive Director, Aviation Services at Sydney Airport. Shelley's recent appointment in April 2016 as a Non-Executive Director has also enhanced the diversity and finance, accounting and operational management experience of the Board.

Principal activities

The principal activity of the Company is the provision of online travel bookings. The Consolidated Entity's business consists of a B2C division (comprising the Webjet, ZUJI and Online Republic brands) and a B2B division (comprising the Lots of Hotels and Sunhotels brands).

Dividends

An interim dividend for the year ended 30 June 2016 of $0.0650 per share fully franked totalling $5.26 million was paid on 14 April 2016. A final dividend of $0.08 per share (up 10% on FY15's final dividend of $0.0725), fully franked to 100% has been declared by the directors for payment on 13 October 2016 totalling $7.78 million. The $7.78 million final dividend represents an increase of $1.9 million (32%) compared to FY15.

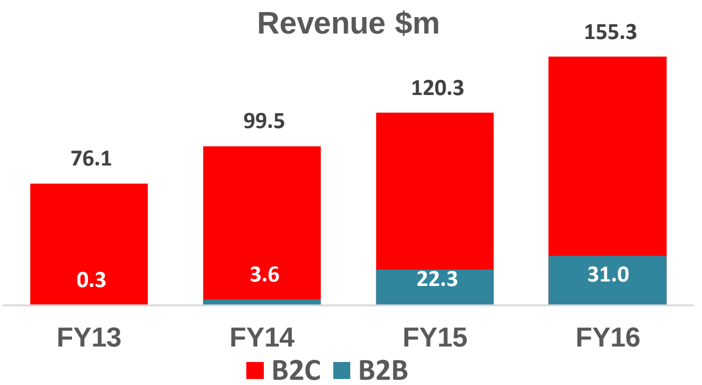
Review of operations

In June 2016 Webjet Limited ("the Company") acquired 100% of the shares of Online Republic, a New Zealand based market leading global online e-commerce group, for NZ $89 million. Online Republic specialises in online bookings of rental cars, motorhomes and cruises, together with an internally-developed search engine optimisation and digital marketing business. Before synergies, it is expected that Online Republic will increase the Company's full year earnings by at least $10 million EBITDA per annum.

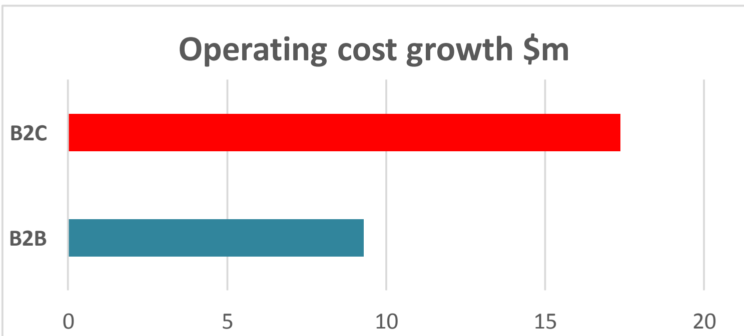
In the 12 months to 30 June 2016, the Company experienced a growth in total transaction value (TTV) of $364 million from $1,266 million to $1,630 million, representing a 29% increase over the previous corresponding period. Included in the Company's result was Online Republic, which contributed $22 million TTV in June 2016. Over the 12 month period to 30 June 2016, TTV for the B2C division grew 24% and the B2B division grew 52% compared to FY15.

During the year, revenue increased by $35.0 million to $155.3 million, representing a 29% increase over FY15. The revenue margin at 9.5% was consistent with the previous year (FY15: 9.4%). Revenue for the B2C division grew 27% compared to FY15, while revenue for the B2B division grew 37%.

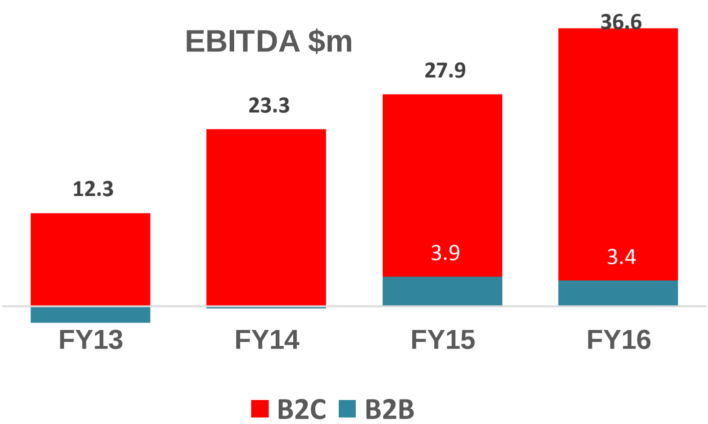
Review of operations (continued)



During the year, operating costs increased by 29% to $117.9 million and included $0.2 million one-off costs associated with the acquisition of Online Republic. Excluding the Online Republic acquisition costs, B2C costs increased $17.1m million (23%) compared to FY15. B2B costs increased $9.3 million (51%) compared to FY15 due to increased costs associated with the B2B expansion into Europe and the USA.



EBITDA for the Company increased by $8.7 million to $36.6 million, representing a 31% increase over FY15. Online Republic, net of acquisition costs, contributed $0.8 million to this result. Net of acquisition costs, B2C EBITDA increased 35% to $32.4 million. After expansion costs, B2B EBITDA was $3.4 million, $0.5 million lower than FY15.



Review of operations (continued)

The Company's net financing charge was $0.5 million, $0.6 million higher than FY15. The B2C division generated net interest income of $0.6 million (FY15: $0.9 million) and the B2B division had net financing costs of $1.0 million (FY15 $0.8 million).

Profit before tax was $30.1 million compared to FY15: $23.2 million) and net profit after tax was $22.2 million (FY15: $17.5 million).

Depreciation and amortisation was $6.0 million, up $1.3 million (28%) compared to FY15, consistent with growth in the various businesses. Amortisation costs included $0.8 million associated with the amortisation of Sunhotels supplier list intangible assets and $0.1 million associated with the amortisation of Online Republic intangibles.

	30-Jun-16 $'M	30-Jun-15 $'M	30-Jun-14 $'M	30-Jun-13 $'M	30-Jun-12 $'M
Total transaction values	1,630	1,266	997	884	768
B2C bookings	1,623	1,339	1,177	1,209	1,055
B2B bookings	486	307	61	7	-
Net profit before tax	30.1	23.2	21.1	11.4	19.3
Net profit after tax	22.2	17.5	19.1	6.5	13.6
Operating cash flow	46.6	35.4	3.4	24.5	17.7

As at 30 June 2016, cash and cash equivalents were $116.1m (2015 $76.2m). Client funds included in cash and cash equivalents were $21.6m (2015: $18.3m).

Significant changes in the state of affairs

On 6 June 2016 Webjet announced it had entered into a binding agreement to acquire Online Republic for $NZ 85 million (plus purchase price adjustments). The acquisition was funded by a fully underwritten accelerated non-renounceable entitlement offer and a new issue of Webjet Limited shares to the vendors. The entitlement offer raised $72.5 million (12.95 million shares at $5.60 per share). The vendor placement was 2.76 million shares at $6.21 per share, representing the equivalent of $17.1 million new equity. The institutional component of the entitlement offer was finalised on 16 June 2016 and the retail component was finalised on 1 July 2016.

The acquisition of Online Republic was completed on 21 June 2016. The acquisition was funded by equity raised from the institutional component of the entitlement offer, together with a $31.5 million short term funding arrangement with NAB.

Further information can be found in notes 16 and 28.

Subsequent events

The retail component of the entitlement offer comprised the issue of 5.54 million new Webjet Limited shares at $5.60 per share. This was completed on 1 July 2016 and the NAB short term funding arrangement was repaid in full on 4 July 2016.

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

Likely developments and expected results of operations

Further information on likely developments in the operations of the Consolidated Entity and the expected results of those operations has not been included in this financial report because the Directors believe it would be likely to result in unreasonable prejudice to the Consolidated Entity.

Environmental regulation

The Consolidated Entity is not affected by any significant environmental regulation in respect of its operations.

Meetings of directors

The numbers of meetings of the Company's board of Directors and of each board committee held during the year ended 30 June 2016, and the numbers of meetings attended by each Director were:

	Director's meetings		Meetings of committees					
			Audit		Nomination and remuneration		Risk management	
	A	B	A	B	A	B	A	B
David Clarke	10	10			6	6	8	8
John Guscic	10	10						
Don Clarke	10	10			6	6	8	8
Steven Scheuer	10	10	3	3				
Roger Sharp	10	10	3	3				
Brad Holman	10	10	3	3	3	3		
Shelley Roberts	2	2	1	1				

A = Number of meetings attended
B = Number of meetings held during the time the Director held office or was a member of the committee during the year

Insurance of officers and indemnities

During the financial year, Webjet Limited paid a premium to insure the Directors and secretaries of the Company and its controlled entities, and all executive officers of the Consolidated Entity. The contract of insurance prohibits disclosure about the amount of premium.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Consolidated Entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or any of its controlled entities against a liability incurred as such an officer or auditor.

Non-audit services

Non-audit services that were provided during the current or prior year by the auditor are set out in Note 31 of the financial report.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

Rounding of amounts

The Company is of a kind referred to in Class Order 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.

Melbourne
17 August 2016

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DECLARATION OF INDEPENDENCE
BY MICHAEL HAYDON
TO THE DIRECTORS OF WEBJET LIMITED

As lead auditor of Webjet Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- No contraventions of any applicable code of professional conduct in relation to the audit.

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

Michael Haydon
Director

BDO Audit (SA) Pty Ltd

Adelaide, 17 August 2016

1 Remuneration report

Section 1 - Overview

1.1 Introduction

This Remuneration Report has been prepared in accordance with section 300A of the Corporations Act 2001 (Cth) (Act).

For the purposes of this Remuneration Report, the terms ‘Company’ and ‘Webjet’ refer to Webjet Limited and ‘Group’ refers to Webjet Limited and its controlled entities.

Webjet is required to prepare a Remuneration Report in respect of the Group’s key management personnel (KMP), being those people who have the authority and responsibility for planning, directing and controlling its activities, either directly or indirectly, including any Director.

In respect of 2016, Webjet has determined that the KMP are:

Non-Executive Directors

(i) David Clarke - Non-Executive Director - Chairman
(ii) Don Clarke LLB (Hons) - Non-Executive Director, Deputy Chairman
(iii) Steven Scheuer BBus (Acc) - Non-Executive Director
(iv) Roger Sharp BA LLB - Non-Executive Director
(v) Brad Holman BCom - Non-Executive Director
(vi) Shelley Roberts BBusSci (Fin), ACA, GAICD - Non-Executive Director from 30 April 2016

Executive KMP

(i) John Guscic BEc, MBA - Managing Director
(ii) Shelley Beasley BA (Comm), Grad Dip Bus Int Str Lship - Group Chief Commercial Officer
(iii) Michael Sheehy BEc ACA - Chief Financial Officer and Company Secretary
(iv) Graham Anderson BA (Hon), MBCS CITP - Head of IT
(v) David Galt BBus (Marketing and Management) - Country Manager - Australia and New Zealand - Webjet and Zuji

Except as noted, each of the named persons held their current position for the whole of the financial year and has continued to hold such position since the end of the financial year.

1 Remuneration report (continued)

Section 1 - Overview (continued)

1.3 Board oversight and the Remuneration Committee

Fixed annual remuneration (FAR)	
What constitutes FAR?	Sect 2.3, Table 1
What FAR payments will be made to Executive KMP in FY2017?	Sect 2.4, Table 2
Are any other benefits payable in addition to FAR?	Sect 2.3, Table 1
How is FAR benchmarked?	Sect 2.3, Table 1
Why has FAR changed? (Managing Director and other Executive KMP)	Sect 2.1 to 2.3
What is the policy relating to review of FAR?	Sect 2.3
Incentives ('at risk' remuneration)	
Short term incentive (STI)	
How is the STI calculated and when is it paid?	Sect 2.3, Table 1
How is performance measured? (financial and non-financial weightings)	Sect 2.3, Table 1
What is the maximum STI amount payable to the Executive KMPs in FY2017?	Sect 2.4, Table 2
What happens if an Executive KMP leaves?	Sect 2.4 and 2.5
What happens if there is a change of control?	Sect 2.4
Are there any deferral or clawback terms?	Sect 2.3, Table 1
Have any additional discretionary or ad-hoc payments been made to the Executive KMPs?	Sect 2.3, Table 1
What were the outcomes during the year?	Sect 3.2
Long term incentive (LTI)	
How is the LTI calculated and when is it paid?	Sect 2.3, Table 1
How is performance measured?	Sect 2.3, Table 1
What is the maximum LTI amount payable to the Executive KMPs in FY2017?	Sect 2.4, Table 2
What happens if an Executive KMP leaves?	Sect 2.4 and 2.5
What happens if there is a change of control?	Sect 2.4
Are there any deferral or clawback terms and, if so, what are they?	Sect 2.3, Table 1
Are executives eligible for dividends? (vested and unvested?)	Sect 2.3, Table 1
What are the future performance measures?	Sect 2.3, Table 1
DETAILS OF SERVICE CONTRACTS OF EXECUTIVE KMP	
FAR	Sect 2.4, Table 2
STI	Sect 2.4, Table 2
LTI	Sect 2.4, Table 2
Entitlements on Cessation of the Agreement	Sect 2.5
Post-employment restraints	Sect 2.5

1 Remuneration report (continued)

Section 1 - Overview (continued)

1.3 Board oversight and the Remuneration Committee

The Board has established a Remuneration Committee to assist it in ensuring that remuneration arrangements are equitable and aligned with our risk framework and the long- term interests of our shareholders. The Board regards it as critical that the Committee is independent, and is seen to be independent, from management when making decisions affecting and/or exercising oversight of the remuneration of the Managing Director, the other Executive KMP and employees generally.

To safeguard the independence of remuneration-setting procedures, the Remuneration Committee is comprised solely of Non-Executive Directors, all of whom are, in the Board's opinion, independent. Other Directors and/or members of the senior management team may attend meetings of the Remuneration Committee (providing that person's remuneration is not being considered) to provide information, reports and updates to the Committee to ensure that it is fully informed.

To ensure the Remuneration Committee is appropriately informed, it is entitled to seek advice and information from professional advisers, including remuneration consultants.

Further details regarding the membership and meetings of the Remuneration Committee are provided within the Corporate Governance section of this Annual Report.

1.4 Informed decision making

The Remuneration Committee seeks information, analysis and insights regarding current and emerging issues from a variety of sources in making decisions on remuneration matters. The Managing Director also provides information relevant to the Business and is able to put forward proposals on remuneration matters for consideration by the Committee. In the financial year, the Remuneration Committee supplemented the information available to it with additional benchmarking information and market data from publically available information and an independent external remuneration advisor. The information was sought directly by, and provided directly to, the Remuneration Committee.

The Remuneration Committee is also authorised to source formal remuneration recommendations on Executive KMP remuneration from external advisers as and when required.

The Remuneration Committee considers that receiving appropriate information and analysis is a critical foundation for good decision making. Independent remuneration information and advisors (as required) can provide an objective perspective on Webjet's remuneration practices, while management can contribute information based on their close knowledge of the business and its strategic drivers. By sourcing information and analysis as appropriate from these sources, and combining it with the Committee's own information and insights, the Remuneration Committee believes it obtains an appropriate and robust range of information, opinions and assistance on which to finalise its remuneration recommendations.

Irrespective of where remuneration information and analysis is sourced, the Remuneration Committee rigorously assesses that information. Information, advice and recommendations received from external sources, including remuneration advisors and management, are used as a guide only. They do not serve as a substitute for full consideration of the issues by the Remuneration Committee.

Section 2 - Remuneration policy and structure for Executive KMP

2.1 Review of remuneration policy and structure

Following last year's AGM, at which the Company recorded a first strike (i.e. a vote of in excess of 25% against its Remuneration Report), the Board has undertaken and now completed a substantial review of its remuneration policies and outcomes.

The review has involved consultation with major stakeholders, including proxy advisors.

The review involved three principle components. First, the Remuneration Committee sought advice generally on the remuneration practices of other ASX listed companies, with a particular focus on three items:

(i) the structure of the remuneration of the Executive KMPs;
(ii) the extent of the information disclosed in the remuneration reports; and
(iii) the clarity of disclosure (with the objective of ensuring that Webjet shareholders can gain the best possible understanding of the remuneration information that it does disclose).

1 Remuneration report (continued)

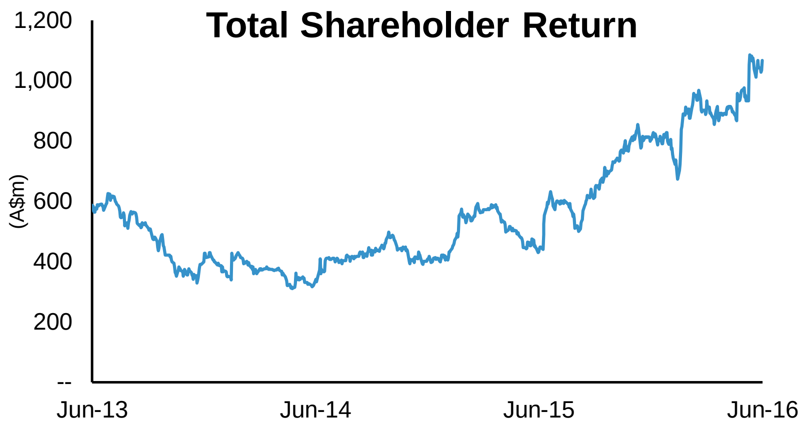
Section 2 - Remuneration policy and structure for Executive KMP (continued)

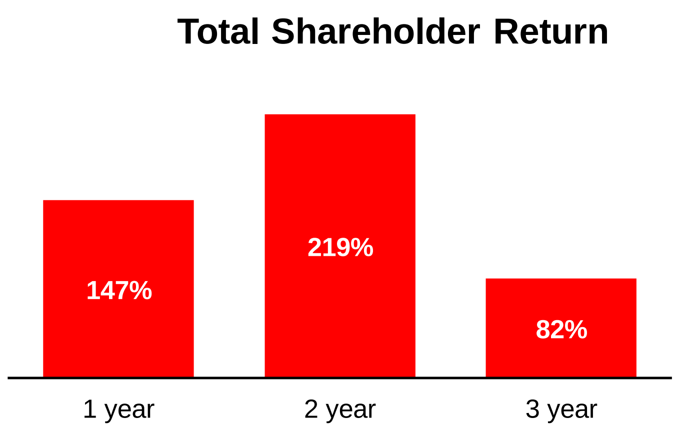
The second component of the Remuneration Committee's review was a comparative analysis of Webjet's Executive KMP salaries (including the remuneration of the Managing Director, the Group Chief Commercial Officer and the Chief Financial Officer). The analysis was based on a review of publically available data (including published remuneration reports of similar Australian companies) and on data from the Mercer 2015 Australia Total Remuneration Survey.

The third aspect of the review of Webjet's remuneration policies and outcomes involved consideration of the fact that, over the last three years, Webjet's business operations have become substantially more diverse (and global) and have massively increased in scale. The business now includes operations of a substantial scale in Australia, New Zealand, Singapore, Hong Kong, North America, United Kingdom, Dubai and Spain. Where previously the business consisted of a B2C business unit only, it now also includes a significant B2B web-beds (hotel) business.

To put the change in the nature and scope of the Webjet Group's business into a context, and to give the quantum of executive remuneration a framework of relativity and sensibility, the following graphs demonstrate the changed size and value of the Webjet Group and its business. The graphs also highlight the outperformance of Webjet on a number of metrics.

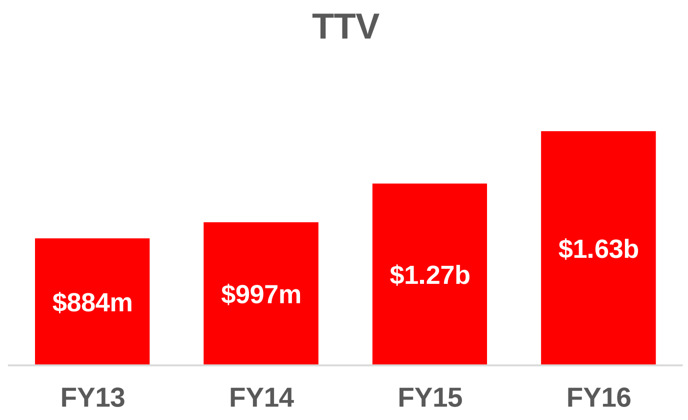
The reality for Webjet is that it is now a vastly different company to what it was 3 to 4 years ago and, as a result of its globalisation, it is now competing internationally in respect of its businesses and its people.

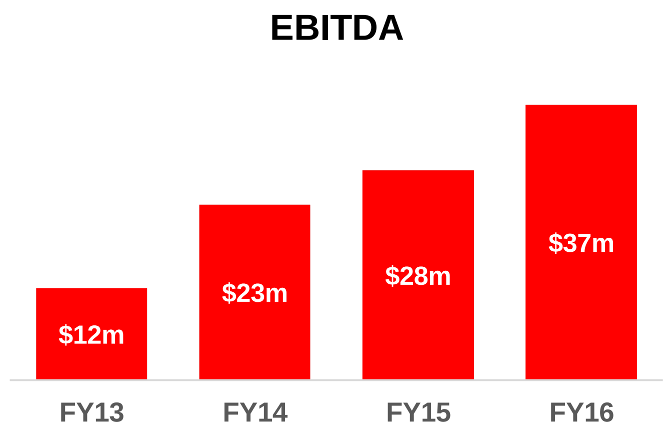


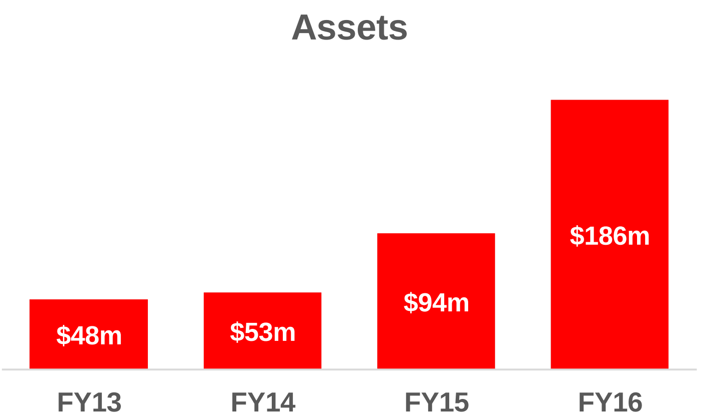


1 **Remuneration report (continued)**

Section 2 - Remuneration policy and structure for Executive KMP (continued)

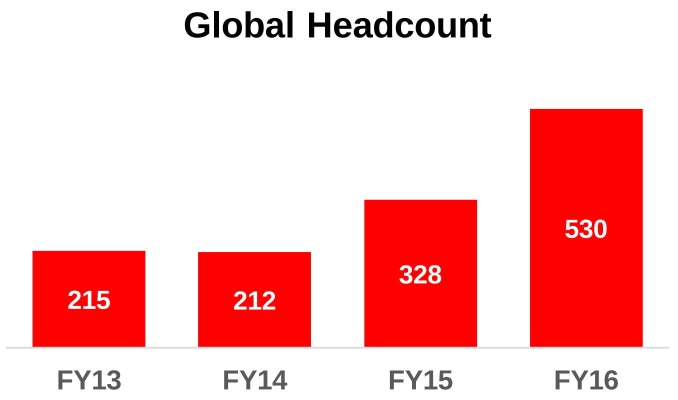


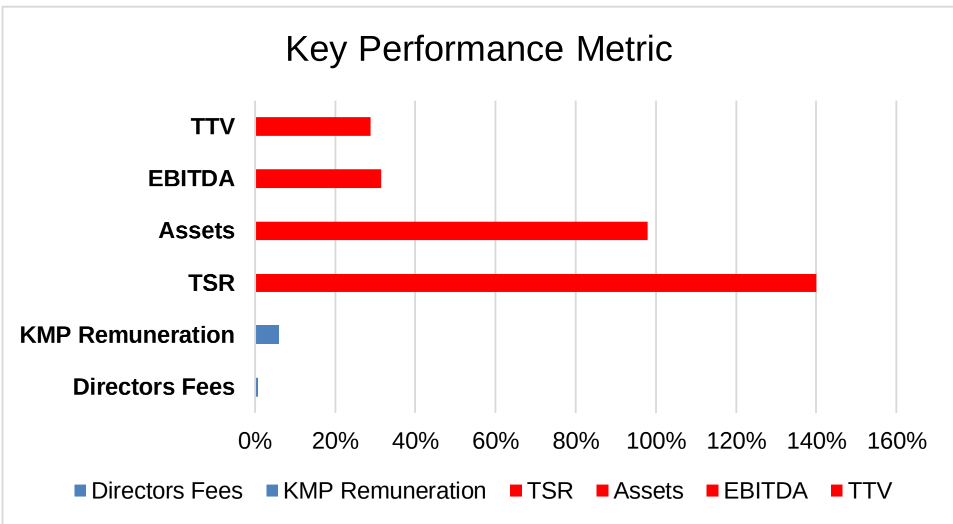




1 Remuneration report (continued)

Section 2 - Remuneration policy and structure for Executive KMP (continued)





1 Remuneration report (continued)

Section 2 - Remuneration policy and structure for Executive KMP (continued)

Note:
The above table relates to the last two financial years and highlights that, compared to the growth rates for TTV, EBITDA, assets and total shareholder return (TSR) [which are shown in red], the total remuneration paid to Executive KMP and the Non-Executive Directors [shown in blue], has increased by 5% only and has been very tightly controlled.

2.2 Overarching remuneration objectives and principles

The Remuneration Committee recognises that remuneration has an important role to play in supporting the implementation and achievement of Webjet's strategy and ongoing performance. Equally, the remuneration arrangements for Executive KMPs (including the Managing Director) need to align the activities of management with the interests of Webjet's shareholders.

The Remuneration Committee's approach to executive remuneration is driven by the view that the fundamental driver of remuneration outcomes should be business performance and, therefore, shareholder value generated year on year. This is underpinned by the approach of paying appropriate remuneration to attract, motivate and retain the best people to lead Webjet.

The Remuneration Committee's view is that Webjet's remuneration arrangements ought to be structured to ensure that its Executive KMPs take a long-term approach to decision making, and do not promote a focus on short-term results at the expense of longer-term business growth and success.

The following have been agreed by the Remuneration Committee as the key objectives which ought to underpin the structure and quantum of Executive KMP remuneration arrangements across the Webjet Group.

Executive KMP remuneration arrangements must:

(i) support the execution of the Group's business strategy in alignment with a risk framework that is appropriate for the Group;
(ii) be internationally competitive if Webjet is to attract, motivate and retain highly skilled executives willing to work globally (recognising that, while the individual skills of its Executive KMP team is one of the Company’s principle assets, the continuity and retention of those skills and the aggregation of the knowledge within the Executive KMP team is vital to Webjet's long term success);
(iii) recognise that the available talent pool is limited;
(iv) recognise and reward members of the Executive KMP team by reference to their unique skills and industry experience (all be it subject to demanding performance conditions, including financial and non-financial measures;
(v) align the structure of executive remuneration as closely as possible with the delivery of shareholder value - for example, by linking a significant component of remuneration (i.e. the 'at risk' incentives) to performance and the creation of value for our shareholders (from out-performance);
(vi) ensure remuneration arrangements are equitable, having regard to the expectations of our shareholders and the need to facilitate the deployment of people across the Group;
(vii) limit termination benefits / severance payments to pre-established contractual arrangements (which do not commit Webjet to making unjustified payments); and
(viii) support contractual and approved obligations without paying more than is reasonably necessary.

2.3 Revised structure of Executive KMP remuneration - FY2017

Following the remuneration review, and applying the above principles, the Remuneration Committee resolved that, moving forward, it would adopt a remuneration structure which involved a greater proportion of the remuneration payable to its Executive KMPs (other than the Managing Director) being at 'at-risk' (i.e. it will only be received by an Executive KMP if pre-determined performance hurdles (short and long term) are achieved).

It is the Remuneration Committee's view that an increased 'at risk' / incentive structure is appropriate in Webjet's circumstances as it will better align the interests of the Executive KMPs and shareholders. In particular, the Committee is satisfied that the new remuneration arrangements will better:

(i) link remuneration to the Webjet Group's focus on sustained performance;
(ii) reflect Webjet's risk framework and focus on long-term value creation;
(iii) reinforce the desired behaviours of Executive KMPs; and

1 Remuneration report (continued)

Section 2 - Remuneration policy and structure for Executive KMP (continued)

(iv) provide a transparent mechanism for clawback in the event of a restatement of our results, through changes to the vesting or non-vesting of deferred awards.

Implementation of the changed policy has required extensive renegotiation of employment agreements for the Executive KMP (other than the Managing Director). These have been completed and implemented from 1 July 2016.

For the Managing Director, as his existing remuneration arrangements already involved a significant 'at-risk' component, the changes to his arrangements for the year commencing on 1 July 2016 are less extensive.

The next section sets out the structure of these revised arrangements.

Key Changes in Remuneration Structure for Executive KMPs for 2017

The key changes made in the remuneration structure for Executive KMPs are:

(i) Fixed Annual Remuneration (FAR) has been frozen for three years (other than in circumstances where the Executive KMP's position materially changes in nature and/or scope. FAR will not in this three year period be subject to annual reviews or CPI adjustments. This applies to all Executive KMPs (including the Managing Director).

(ii) For the Executive KMP other than the Managing Director, the component of total remuneration represented by short term incentives (STI) (which will be payable in cash) has been increased and must now be within an agreed band (relative to FAR) for all members of the senior management team.

(iii) For the Executive KMP other than the Managing Director, payment of the STI will be primarily dependent on the achievement of EBITDA targets. Payment of the remaining component of the STI will be dependent on achievement of appropriate business metrics relevant to the business unit of the individual Executive KMP.

(iv) For the Managing Director, payment of the STI will again be primarily dependent on the achievement of an EBITDA target (as explained below). Payment of the remaining component of his STI will be subject to the total shareholder return (TSR) achieved by the Webjet Group exceeding the median TSR achieved by entities (other than resource companies and property trusts) in the S&P / ASX 300 Index.

(v) For the Executive KMP other than the Managing Director, their remuneration will now include an equity based long term incentive (LTI). The annual value of the LTI will be within an agreed band (relative to FAR), with the vesting of benefits under the LTI depending on the performance of the Webjet Group compared to the median total shareholder return (TSR) achieved by entities (other than resource companies and property trusts) in the S&P / ASX 300 Index. The benefits will vest over a three year period.

(vi) For the Managing Director, the equity based LTI (in the form of the option arrangements previously agreed and approved by the shareholders) will remain in place. No other equity based incentive will be provided to the Managing Director.

In respect of the STI, the Remuneration Committee has agreed on actual performance against the EBITDA budget as the most appropriate performance benchmark as it most closely aligns executive responsibility and accountability with the generation of earnings (and shareholder value). Further, actual EBITDA is an audited number and will be fully disclosed in Webjet's annual financial statements. The use of EBITDA also means that matters relating to the capital structure, amortisation and depreciation policies, the allocation of capital and interest, which are matters within the responsibility of the Board, do not impact the STI.

The STI will be a cash incentive. The LTI will ordinarily be an equity based incentive (although the Company does retain the discretion to satisfy any entitlement under the LTI in cash).

The following table (Table 1) sets out the components of remuneration arrangements which will apply to the Executive KMP in the year commencing 1 July 2016, the link to strategy, how each component operates and how performance is assessed and will impact remuneration.

1 Remuneration report (continued)

Section 2 - Remuneration policy and structure for Executive KMP (continued)

Table 1 - Remuneration structure FY2017

Remuneration component and link to strategy	Operation and performance framework
Base salary (Fixed Annual Remuneration or **FAR)** A competitive base salary is paid in order to attract and retain high-quality and experienced Executive KMPs and to provide appropriate remuneration for those persons employed in these important roles within the Group.	▪ Base salary is broadly aligned with salaries for comparable roles in both Australian and global companies of similar global complexity, size, reach and industry and reflects the Executive KMP's responsibilities, location, skills, performance, qualifications and experience. ▪ Subject to the following paragraphs, base salary is reviewed annually and with effect from 1 July. Reviews are informed, but not led, by benchmarking to comparable roles (as above), changes in responsibility and general economic conditions. Substantial weight is also given to the general base salary increase for employees. Base salary is not subject to separate performance conditions. ▪ Base salary is denominated in A$ dollars. ▪ Subject to exceptions as required to deal with anomalies, FAR will be frozen for the next three financial years. Thereafter, it will be subject to annual review.
Benefits Superannuation and other benefits to attract and retain a high-quality and experienced Executive KMPs need to be commensurate with the Company's competitors.	▪ Superannuation is provided as required by law. ▪ Benefits in the form of mobile telephones, car parking and other IT / communication equipment to facilitate performance of duties are provided. ▪ No other benefits are provided to members of the Executive KMP.
STI The purpose of STI is to focus the efforts of the Executive KMPs on those performance measures and outcomes that are priorities for the Group and which deliver performance at or above stretch performance objectives. The performance measures will primarily be performance against the budgeted EBITDA as it links directly to the creation of shareholder value and the long-term success of the Group. For details of the quantum of the STI for each Executive KMP, and the split between the financial (EBITDA) and non-financial performance hurdles, refer to section 2.4, Table 2 and the Explanatory Notes following that Table.	Setting performance measures and targets ▪ The principal performance measure for all Executive KMPs will be EBITDA. The EBITDA target for each Executive KMP will be derived from the annual budget as approved by the Board for the relevant financial year. The aim is to set an appropriate stretch annual performance target / outcome which will contribute to the longer-term success of the Group and shareholder wealth. ▪ In addition, for the Managing Director, a portion of his STI will be subject to achievement of a TSR benchmark. For the other Executive KMPs, other non-financial management measures relevant to business unit metrics will be agreed at the commencement of each financial year between the particular Executive KMP and the Managing Director. ▪ The measures and their relative weightings for the Executive KMP are chosen by the Committee, in their discretion, in order to appropriately drive overall performance for the relevant year. Specified financial measures will always constitute the largest weighting. ▪ The nature of the financial and individual measures for the Managing Director will be disclosed at or around the beginning of each performance period. ▪ For reasons of commercial sensitivity, while Webjet will provide a narrative description of financial target performance In broad terms, the actual target for each financial measure will not be disclosed in advance. However, Webjet intends to disclose the target for each measure retrospectively. Assessment of performance ▪ At the conclusion of the financial year, the Executive KMP's achievement against each measure is assessed by the Remuneration Committee and the Board, and an STI award determined. If performance is below the threshold level for any measure, no STI will be provided in respect of that portion of the STI opportunity. There is no ability to defer assessment to a later time frame. ▪ The Board believes this method of assessment is transparent, rigorous and

Section 2 - Remuneration policy and structure for Executive KMP (continued)

Remuneration component and link to strategy	Operation and performance framework
	balanced, and provides an appropriate, objective and comprehensive assessment of performance. ▪ In the event that the Remuneration Committee does not consider the level of vesting that would otherwise apply to be a true reflection of the performance of the Group or should it consider that individual performance or other circumstances makes this an inappropriate outcome, it retains the discretion to not provide all or a part of any STI award. This is an important mitigation against the risk of unintended award outcomes. Delivery of award ▪ The value of any STI award is provided in cash. ▪ Cash STI awards are subject to clawback provisions in certain circumstances. ▪ The Committee has no discretion to allow vesting of cash STI awards when performance conditions have not been satisfied (other than in the event of death or serious injury, disability, illness that prohibits continued employment or decision by the Board that prevents the Executive KMP from achieving an award that would otherwise, in all probability, have been achieved).
LTI (applicable to the Executive KMP other than the Managing Director) The purpose of the LTI is to focus the efforts of the Executive KMPs on the achievement of sustainable long-term value creation for the Group and the shareholders. The provision of the LTI in the form of equity also aligns the interests of the Executive KMPs and shareholders. For details of the quantum of the LTI for each Executive KMP refer to section 2.4, Table 2 and the Explanatory Notes following that Table.	Relative TSR performance condition (applies to the Executive KMP other than the Managing Director) ▪ The award of equity rights is subject to a relative TSR performance condition, which must be achieved over a three-year period. Full vesting under the LTI only occurs when Webjet's relative TSR outperforms the TSR of the comparator group(s). Initially, the comparator group will be the companies comprising the S&P / ASX 300 (ranked by market capitalisation), excluding resource companies and listed property trusts. ▪ Relative TSR has been chosen as the most appropriate measure as it allows for an objective external assessment over a sustained period on a basis that is familiar to shareholders. Level of performance required for vesting ▪ No award will vest in a year if Webjet's TSR is below the median TSR return for the comparator group (Peer Group). Full vesting will occur in a year if the Executive KMP remains employed by the Webjet Group and the TSR of Webjet is equal to or exceeds the median TSR for the Peer Group. ▪ There is no re-testing or deferral of assessment if the performance condition is not met. ▪ If the Committee does not consider full vesting of the LTI shares that would apply based on the Group's achievement of the relative TSR performance condition to be a true reflection of the underlying performance of the Group, or should it consider that individual performance or other circumstances makes this an inappropriate outcome, it retains the discretion to not award part or all of the LTI award. This is an important mitigation against the risk of unintended vesting outcomes. ▪ To ensure that the LTI performance conditions continue to support operational excellence, risk management and the execution of the Group's strategy, the Committee retains discretion to add further performance measures to supplement the existing relative TSR performance condition. Delivery of award. ▪ LTI awards will be provided under an Employee Share Plan approved by the Board. The award of deferred equity comprises rights to receive ordinary Webjet shares in the future if the performance and service conditions are met. The Committee has a discretion to settle LTI awards in cash. ▪ Prior to the vesting of any shares issued under the Employee Share Plan, the dividends paid on those Webjet shares will be retained in the Trust and be used to pay the administrative and operating expenses of the Trust. After vesting, the

1 Remuneration report (continued)

Section 2 - Remuneration policy and structure for Executive KMP (continued)

Remuneration component and link to strategy	Operation and performance framework
	Executive KMP entitled to the shares will be entitled to the benefit of all dividends paid on those shares. ▪ LTI awards are subject to clawback provisions in certain circumstances. ▪ The Committee has no discretion to allow vesting of equity awards when performance conditions have not been satisfied (other than in the event of death or serious injury, disability, illness that prohibits continued employment or decision by the Board that prevents the Executive KMP from achieving an award that would otherwise, in all probability, have been achieved). ▪ No performance rights will be granted to the Managing Director under the Employee Share Plan. His longer term incentive will continue to be in the form of the options previously granted to him in 2013. For further details of these options, refer to Table 10 in section 5.1 of this Report.

2.4 Remuneration outcomes for Executive KMP for FY2017

The above table describes the general remuneration structure agreed by the Remuneration Committee for the Executive KMPs (including the Managing Director).
Consistent with the remuneration structure and policies set out above, Table 2 below sets out the specific remuneration outcomes for the Executive KMPs (including the Managing Director) for the financial year commencing on 1 July 2016.

Table 2 - Remuneration outcomes - FY2017

Executive Incentive Plans	FAR $	STI Financial %FAR	STI Bus. Unit %FAR	STI Non-Financial %FAR	LTI %FAR
Managing Director					Share
John Guscic	850,000	35% to 70%		12%	Options
					Performance
Functional Executives					Rights
Vaughan Magnusson *	469,680		12% to 24%	4%	15%
Shelley Beasley	463,779	15% to 45%		5%	15%
Graham Anderson	400,458	15% to 45%		5%	15%
Michael Sheehy	380,356	15% to 45%		5%	15%

* Vaughan Magnusson is the CEO of Online Republic.

Explanatory Notes:
FAR

- As the STI and LTI components of the remuneration of the Executive KMPs (other than the Managing Director) will increase in the current financial year (subject to achievement of the performance benchmarks), subject to limited exceptions, the FAR for each Executive KMP (including the Managing Director) will be frozen for the next three years.

1 Remuneration report (continued)

Section 2 - Remuneration policy and structure for Executive KMP (continued)

2.4 Remuneration outcomes for Executive KMP for FY2017 (continued)

STI

- Achievement of the STI based on the financial performance of the Webjet Group will be measured against budgeted EBITDA. The minimum financial STI (15% or 35% of FAR) is triggered by the Webjet Group or relevant business unit achieving at least 95% of its EBITDA target. To achieve the maximum incentive (45% or 70% of FAR), actual EBITDA must exceed 130% of the target for the Managing Director and 150% for the other functional Executive KMPs. [The Managing Director's target is based on the Webjet Group performance where EBITDA over performance represents a significantly higher hurdle than EBITDA over performance in any individual business unit.]

- Budgeted EBITDA will be adjusted by any future acquisitions.

Performance (% of EBITDA Target)	Managing Director	Performance (% of EBITDA Target)	Executive KMP (except Managing Director)
<95%	Nil	<95%	Nil
95%	35% of FAR	95%	15% of FAR
96% to 130%	35% plus 1% for each 1%	96 to 100%	15% plus 1% for each 1%
130%	70% of FAR)	100%	20% of FAR
>130%	Cap of 70% of FAR applies	>100%	20% plus 0.5% for each 1% (capped at 45% of FAR)

- For the Managing Director, the Non-Financial STI is a maximum of $100,000. Payment is subject to the TSR for the Webjet Group for FY2017 exceeding the median TSR of all entities (excluding resource companies and listed property trusts) comprising the S&P / ASX 300 Index. While this component of the STI will be paid quarterly, it will be subject to clawback if, on a full year basis, the TSR benchmark is not achieved.

- For the Executive KMP other than the Managing Director, the Non-Financial STI benchmarks relate to the achievement of business metrics directly relevant to their respective business units in areas of customer service and quality outcomes.

LTI

- As the Managing Director already holds a significant number of options (which were approved by shareholders on 13 November 2013), as part of this review, the Remuneration Committee (and the Board) determined not to grant to the Managing Director any performance rights under the LTI or any further executive options. For further details of the LTI of the Managing Director, refer to the details of the options held by the Managing Director set out in section 5.1 of this Report.

- For the Executive KMP other than the Managing Director, Webjet has established an Employee Share Plan Trust (ESPT) for the purpose of holding Webjet shares for the benefit of Executive KMP participants who, subject to the Company achieving the performance criteria and their continued employment, will become the beneficial owners of those Webjet shares. Under the ESPT, Webjet will issue shares to be held by the ESPT at a share price equal to the VWAP for the 5 trading days immediately preceding 1 July (Share Price). For clarity the share price for the allocation of shares under the ESPT for FY2017 has been set at $6.92 (Issue Price).

- Executive KMP participants will be offered shares equal to 15% of their FAR, which subject to the performance criteria being satisfied will vest or be forfeited in three (3) equal tranches over a 3-year period. For FY2017, the number of shares allocated to each Executive KMP participant will be 15% of their FAR divided by $6.92.

- The allocated shares will vest annually over the following three years. Vesting will take place on or about 31 August of each year (with the first vesting date being on or about 31 August 2017) following the completion and lodgement of the audited financial statements of the Company and other entities included in the S&P / ASX 300 Index, excluding resource companies and listed property trusts.

1 Remuneration report (continued)

Section 2 - Remuneration policy and structure for Executive KMP (continued)

- One third of the Shares allocated to an Executive KMP participant will vest provided the Executive KMP participant remains employed by the Webjet Group (at the time of vesting) and the Company's Total Shareholder Return (TSR) for the 24-month period ended 30 June 2017 exceeds the median TSR of the Peer Group (refer below) for the corresponding period. If the criteria is not satisfied in a year, the entitlement to the LTI shares for that year will lapse. A corresponding performance hurdle will apply for the years ending 30 June 2018 and 2019.

- The peer group companies comprises the S&P / ASX 300 Index, excluding resource companies and listed property trusts.

- For any new members of the senior executive team commencing participation in the ESPT, the first vesting date will not occur prior to two years after the commencement of employment.

- The following Webjet shares have been granted to the Executive KMP (other than the Managing Director) for FY2017:

Table 3 - Executive KMP share allocations - FY2017

Executive LTI and Share Plan	Shares Granted No.	Shares Subject to Vesting Condition		
		Tranche 1. 31 Aug 17	Tranche 2. 31 Aug 18	Tranche 3. 31 Aug 19
Shelley Beasley	10,053	3,351	3,351	3,351
Graham Anderson	8,680	2,894	2,893	2,893
Michael Sheehy	8,245	2,749	2,748	2,748
David Galt	7,573	2,525	2,524	2,524
	34,551	11,519	11,516	11,516
Other Employees	44,877	14,962	14,958	14,957
Total	**79,428**	**26,481**	**26,474**	**26,473**

Change of control

Both:

(i) unvested options granted to the Managing Director; and
(ii) unvested LTI equity awards under the ESP granted to the Executive KMPs (other than the Managing Director),

will, subject to the vesting conditions remaining capable of being satisfied at that time, vest in full on the occurrence of a change of control event (e.g. a takeover or scheme of arrangement) in respect of the shares of Webjet.

2.5 Service contracts

Each Executive KMP has entered into an employment contract with the Webjet Group.

Managing Director

For the Managing Director, the key terms of his current contract are set out below. If a new CEO or another Executive Director was appointed, similar contractual terms would apply, other than where the Remuneration Committee determines that different terms should apply for reasons specific to the individual.

The Managing Director is contracted until 30 June 2018, subject always to the right of Webjet and/or the Managing Director to terminate the contract (and the Managing Director's employment) earlier in accordance with its terms.

1 Remuneration report (continued)

Section 2 - Remuneration policy and structure for Executive KMP (continued)

2.5 Service contracts (continued)

Termination without cause:

(a) by Webjet - the Managing Director is entitled to not less than 12 months notice. Webjet has discretion to make a payment in lieu of notice. On termination by Webjet without cause, the Managing Director will be entitled to the following:

- if the Managing Director works out the notice period, payment of FAR plus such part of the STI as is determined (by reference to the performance of the Webjet Group in the notice period); or
- if Webjet elects to make a payment in lieu of notice, payment of FAR for the notice period plus 33.3% or 66.7% of the STI applicable for that year (depending on whether the Managing Director's employment is terminated before or after 6 months from commencement of the financial year); and
- retention of all options which have vested plus a pro-rata proportion (based on the portion of the relevant year which has elapsed) of the number of unvested options which, if the performance conditions were satisfied in that year, would vest in the Managing Director at the end of that year (all other unvested options will lapse).

(b) by the Managing Director - Webjet is entitled to not less than 6 months notice. On termination by the Managing Director without cause, the Managing Director will be entitled to the following:

- payment of FAR for the notice period (but not the STI); and
- retention of all options which have vested prior to termination (all unvested options will lapse).

Termination for cause:

Webjet is entitled to immediately terminate the Managing Director's contract in certain limited circumstances, including for breach by the Managing Director of a material provision of the agreement, serious misconduct and/or unsatisfactory performance. On termination by Webjet for cause, the Managing Director will be entitled to be paid the FAR up to and including the date of termination. No STI will be payable for the year of termination and all options held by the Managing Director not then exercised, whether vested or unvested, will lapse.

The Managing Director is also entitled to terminate his employment contract (on 4 week's notice) in certain circumstances, including breach by Webjet of a material provision of the agreement and/or on Webjet making any change to the agreement, without the Managing Director's consent, which materially diminishes his status, duties, authority or terms and conditions of employment.

If the Managing Director terminates his employment contract for cause, the Managing Director will be entitled to payment of an amount equal to the amount that he would have been entitled to be paid if the agreement had been terminated on that date without cause by Webjet.

Where the Managing Director's employment contract terminates as a result of redundancy, death, serious illness or disability, the Webjet Board retains a residual discretion to permit retention and/or exercise of unvested equity incentives.

Restraint

The Managing Director's contract includes restraint provisions of a nature and duration that are consistent with market practice. The restraints include a restriction on the Managing Director's involvement in any business competitive with any Webjet Group business for up to a maximum of 12 months after the termination of his employment.

Other Executive KMP

Similar termination provisions to those set out above apply in respect of the employment contracts of the Executive KMPs (other than the Managing Director), with the exception that there is no contractual right of termination by an Executive KMP in the event that Webjet makes a change to the employment agreement, without the Executive KMP's consent, which materially diminishes the Executive KMP's status, duties, authority or terms and conditions of employment. The standard notice period for termination by Webet without cause is 12 months. In all cases, Webjet has retained the right to make a payment in lieu of notice.

Restraint clauses have not been included the employment contracts of the Executive KMP (other than the Managing Director).

1 Remuneration report (continued)

Section 3 - Remuneration FY2016

3.1 Total remuneration of Executive KMP

Table 4 below has been prepared in accordance with relevant accounting standards. Where applicable, remuneration for Executive KMP are pro-rated for the periods of FY2015 and FY2016 that they served as a member of the KMP.

More information on the incentive components of the Executive KMP remuneration is provided in the following sections of this Report.

Table 4 - KMP remuneration

	Short-term incentives		Post-employment benefits	Share-based payments	
	Salary & fees	Bonus	Superannuation	Options & rights	Total
2016	$	$	$	$	$
Non-executive directors					
David Clarke	169,400	-	33,600	-	203,000
Don Clarke	83,807	-	7,962	-	91,769
Steven Scheuer	59,361	-	5,639	-	65,000
Roger Sharp	81,200	-	0	-	81,200
Brad Holman	68,493	-	6,507	-	75,000
Shelley Roberts	12,500	-	1,188	-	13,688
					529,656
Executive officers					
John Guscic	815,000	567,500	35,000	118,150	1,535,650
Shelley Beasley	414,271	107,416	15,391	-	537,078
Michael Sheehy	307,357	51,101	33,318	-	391,776
Graham Anderson	335,715	55,816	36,392	-	427,923
David Galt	289,056	15,887	28,686	-	333,629
					3,226,055
					3,755,711

	Short-term incentives		Post-employment benefits	Share-based payments	
	Salary & fees	Bonus	Superannuation	Options & rights	Total
2015	$	$	$	$	$
Non-executive directors					
David Clarke	167,650	-	33,600	-	201,250
Don Clarke	83,085	-	7,893	-	90,978
Allan Nahum	31,250	-	2,969	-	34,219
Steven Scheuer	47,128	-	4,477	-	51,605
Roger Sharp	80,500	-	-	-	80,500
Brad Holman	61,008	-	5,796	-	66,804
					525,356
Executive officers					
John Guscic	838,130	575,000	35,000	114,390	1,562,520
Shelley Beasley	359,099	99,334	11,853	-	470,286
Michael Sheehy	289,033	47,474	27,458	-	363,965
Graham Anderson	305,756	16,787	29993	-	352,536
David Galt	255,243	13,988	24513.8	-	293,744
					3,043,051
					3,568,407

1 Remuneration report (continued)

Section 3 - Remuneration FY2016 (continued)

3.1 Total remuneration of Executive KMP (continued)

	Short-term incentives		Post-employment benefits	Share-based payment	
	Salary & fees	Bonus	Superannuation	Options & rights	Total
2014	$	$	$	$	$
Non-executive directors					
David Clarke	167,200	-	32,800	-	200,000
Don Clarke	82,569	-	7,638	-	90,207
Allan Nahum	40,000	-	35,000	-	75,000
Steven Scheuer	45,766	-	4,234	-	50,000
Roger Sharp	80,000	-	-	-	80,000
Brad Holman	17,077	-	1,580	-	18,657
					513,864
Executive officers					
John Guscic	676,084	-	25,000	283,127	984,211
Shelley Beasley	370,355	-	11,111	-	381,466
Robert Turner	43,292	-	4,005	-	47,297
Michael Sheehy	223,613	-	20,684	-	244,297
					1,657,271
					2,171,135

Explanatory Notes:

- The increase in the FAR paid to the Managing Director in FY2015 is commensurate with the increase in the scale and globalisation of the Webjet Group's business and the need, as identified and commented on in section 2.1 of this Report, to pay the Managing Director an internationally competitive base salary in order to be certain of retaining his services (as a highly skilled executive with broad industry experience and a willingness to undertake the demanding travel required in order to properly manage Webjet's expanded business operations).

- In FY2015, the Managing Director's FAR was set at $791,667. The overpayment of FAR in FY2015 was remedied by a repayment made by the Managing Director to Webjet after the end of that financial year.

- Of the Executive KMP other than the Managing Director, each of Shelley Beasley and Graham Anderson received material increases in fixed annual remuneration (FAR) over the period from and including FY2014. For Shelley Beasley, the increase in FAR reflects her new role as Group Chief Commercial Officer, the increased scale and complexity of the business and the outcome of a survey of salaries paid to persons holding comparable positions within other companies in the travel sector. For Graham Anderson, the increase reflects the increased scale and complexity of the Webjet Group's IT infrastructure and operations, including the establishment of new systems for the B2B business unit. Graham has also been promoted to Head of IT in 2015.

- Shelley Beasley is paid in NZ$. Variations in the remuneration payments to Ms Beasley are in part the result of fluctuations in the A$: NZ$ exchange rate.

- In each year, all STI payments to the Executive KMP (other than the Managing Director) were based on the achievement of a performance hurdle based on actual EBITDA compared to the Webjet Group budget. The changes made to the STI arrangements for all Executive KMP (including the Managing Director) for FY2017 are set out in sections 2.3 and 2.4 of this Report.

3.2 Short terms incentives (STI) - FY2016 and earlier

In explanation of the STI payments made to the Executive KMP in FY2016 and earlier, refer to the following additional information:

- For comparison purposes, the table below provides details of the target and actual EBITDA of the Webjet Group for the last three financial years and the STI payments made to the Executive KMPs (including the Managing Director) in each of those years. In FY2014, no STI payments were made as the target EBITDA was not achieved (notwithstanding that the Webjet Group recorded an increase in its actual EBITDA for that financial year compared to FY2013).

1 Remuneration report (continued)

Section 3 - Remuneration FY2016 (continued)

3.2 Short terms incentives (STI) - FY2016 and earlier (continued)

Table 5 - STI Incentive payments

STI Target and Payment Summary	EBITDA Target	EBITDA Result	STI PAYMENT MD	COO	CFO	CIO	Div. CEO
	$m	$m	000's	000's	000's	000's	000's
2016	33.1	36.6	567.5	107.4	51.1	55.8	15.9
2015	24.1	27.9	575.0	99.3	47.5	16.8	14.0
2014	25.0	23.3	0	0	0	0	0

- For the Managing Director, the following further information provides additional explanation of his STI payments in FY2016 and FY2015:

Table 6

	FY2016 (000's)	FY2015 (000's)
Reported EBITDA	36,637	27,591
Budget EBITDA	33,100	24,100
Over Achievement	3,103	3,491
% Over Achievement	10.69%	14.49%
Fixed Remuneration (FAR)	850,000	791,667
STI Entitlement		
EBITDA Over Achievement >10% but <15%	55% of FAR	60% of FAR
STI – based on EBITDA	467,500	475,000
STI – based on Non-financial KPIs	100,000	100,000
Total STI	567,500	575,000

3.3 Long term incentive (LTI)

The only Executive KMP who participated in an LTI scheme in FY2016 was the Managing Director. Details of the options granted to the Managing Director in November 2013 (following approval from the shareholders) are set out in Table 10 in Section 5.1 of this Report**.** No additional equity securities or other benefits of a longer term nature were provided to the Managing Director in FY2016. Further, while the equity based LTI (in the form of the option arrangements previously agreed and approved by the shareholders) will remain in place, no other equity based incentive will be provided to the Managing Director under the ESPT or any other LTI scheme in FY2017.

Section 4 - Remuneration policy for Non-Executive Directors

Webjet's Non-Executive Directors are paid in accordance with the ASX Corporate Governance Council's Principles and Recommendations (3rd Edition).

The Remuneration Committee and the Board seeks to set aggregate remuneration at a level which provides Webjet with the ability to attract Directors of the highest calibre while incurring a cost which is acceptable to shareholders. When setting fees for individual Directors, account is taken of the responsibilities inherent in stewardship of the Webjet Group and the demands made of Directors in the discharge of their responsibilities (including their participation in relevant Board committees: Remuneration Committee, the Audit Committee and the Risk Committee).

1 Remuneration report (continued)

Section 5 - Statutory Disclosures (continued)

4.1 Components of remuneration

The following table shows the components of the total remuneration for Non-Executive Directors (NED), the link to strategy, how each component is determined and operates.

Table 7 - NED remuneration

Remuneration component and link to strategy	Operation and performance framework
Fees Competitive base fees are paid in order to attract and retain high-quality individuals, and to provide appropriate remuneration for the role undertaken. Additional fees are provided to recognise the additional responsibilities, time and commitment required for Committees.	▪ The Chairman is paid a single fee for all responsibilities. ▪ Non-executive Directors are paid a base fee and relevant committee membership fees. ▪ Committee Chairmen are paid an additional fee to reflect their extra responsibilities. All fee levels are reviewed annually and any changes are effective from 1 July. ▪ Fees are set at a competitive level based on research and information concerning benchmark fees in equivalent size companies. Fee levels reflect the size and complexity of the Webjet Group, the multi-jurisdictional environment arising from the nature and the geographic spread of the businesses conducted by the Webjet Group. The economic environment and the financial performance of the Webjet Group are taken into account. Consideration is also given to salary reviews across the rest of the Webjet Group.
Superannuation	▪ Superannuation contributions provided on fees only where required by law.
Benefits and expenses Travel allowances	▪ Non-executive Directors receive re-imbursement of travel and other expenses for travel undertaken in attending Board and/or other meetings or performing other duties required of them in their capacity as Directors. ▪ No other benefits are paid to the Non-Executive Directors.
STI and LTI	▪ Non-Executive Directors are not eligible to participate in any STI or LTI arrangements.
Payments on early termination	▪ There are no provisions in any of the Non-Executive Directors' appointment arrangements for compensation payable on early termination of their directorship.

1 Remuneration report (continued)

Section 5 - Statutory Disclosures (continued)

4.1 Components of remuneration (continued)

Table 8 below sets out the total remuneration (fees) paid to the Non-Executive Directors (NED) over the last three financial years. It highlights that, despite the very substantial growth in the Company's operations and all key metrics (refer section 2.1 of this Report), there has been a minimal increase in the total fees paid to the Non-Executive Directors despite their materially increased responsibilities.

Table 8 - Total Non-Executive Director Remuneration

Board Remuneration Non-Executive Directors	Fees	Superannuation	Total	Incr / (Dec) %
2016	474,761	54,895	529,656	0.8%
2015	470,621	54,735	525,356	2.2%
2014	432,612	81,252	513,864	(9.6%)

Approach to remuneration for new Directors

The remuneration arrangements for a newly recruited Non-Executive Director will reflect the remuneration policy in place for other Non-Executive Directors, as above. The components will therefore comprise fees, superannuation payments where required by law and benefits (as set out in the table above). No variable remuneration (STI and LTI) will be provided to newly recruited Non-Executive Directors.

Letters of appointment and policy on loss of office

Each Non-Executive Director is required to execute a standard letter of appointment. Details of Non-Executive Director remuneration, term of appointment and other arrangements applicable to the appointment are set out in that letter of appointment.

All Non-Executive Directors are appointed on the basis that a Non-Executive Director:
(a) cannot hold office without re-election past the third Annual General Meeting following the Non-Executive Director's appointment;
(b) may resign on reasonable notice; and
(c) is not entitled to any payment from Webjet on loss of office.

Section 5 - Statutory Disclosures

This section provides details of any additional statutory disclosures that have not been included in the previous sections of the Remuneration Report.

5.1 Share and Option holdings of KMP

Share and option holdings

The number of ordinary shares / options in Webjet held directly, indirectly or beneficially by each individual (including shares held in the name of the spouse, superannuation fund, nominee and/or other controlled entities) are shown in the table below as at 30 June 2016.

Table 9 - Shares

	Balance at 30 June 2015 No.	Granted as compensation No.	Received on exercise of options No.	Acquisition / (disposal) of shares No.	Balance at 30 June 2016 No.
2016					
David Clarke	9,000	-	-	-	9,000
John Guscic	109,169	-	1,000,000	-	1,109,169
Don Clarke	20,000	-	-	-	20,000
Steven Scheuer	4,476,254	-	-	-	4,476,254
Roger Sharp	90,000	-	-	-	90,000
Brad Holman	15,000	-	-	7,000	22,000
Shelley Beasley	105,516	-	-	-	105,516
Michael Sheehy	-	-	-	-	-
Graham Anderson	-	-	-	-	-
David Galt	1,064	-	-	-	1,064

1 Remuneration report (continued)

Section 5 - Statutory Disclosures (continued)

	Balance at 30 June 2014 No.	Granted as compensation No.	Received on exercise of options No.	Acquisition / (disposal) of No.	Balance at 30 June 2015 No.
2015					
David Clarke	9,000	-	-	-	9,000
John Guscic	109,169	-	1,000,000	(1,000,000)	109,169
Don Clarke	10,000	-	-	10,000	20,000
Steven Scheuer	4,476,254	-	-	-	4,476,254
Roger Sharp	-	-	-	90,000	90,000
Brad Holman	-	-	-	15,000	15,000
Shelley Beasley	105,516	-	-	-	105,516
Michael Sheehy	-	-	-	-	-
Graham Anderson	1,064	-	-	-	1,064

Options

The only options on issue in Webjet are held by the Managing Director, John Guscic.

This section tabulates the status of all options (as approved by shareholders on 13 November 2013) held by the Managing Director.

It is noted:

- 500,000 options were forfeited by the Managing Director on 1 September 2014 as the vesting condition (achievement of the FY2014 EBITDA budget) was not satisfied (despite the Company's EBITDA for that year exceeding the EBITDA for FY2013);
- While no cash consideration was paid on the grant of the options, each option has an exercise price (payable in cash to the Company) on exercise;
- As advised to the market on 11 November 2015, Webjet entered into a $1.5m non-recourse loan agreement (secured against the resulting Webjet shares) to facilitate the exercise by the Managing Director of option tranche 2(a) - 500,000 options at an exercise price of $3.10 per share. The loan was for the specific purpose of assisting the Managing Director to build and retain a progressive equity interest in the Company and, therefore, provide a vital component of long term retention and an alignment of long term shareholder values;
- The Loan is at a commercial interest rate, which interest is paid to the Company in cash at the interbank rate plus 3%. For clarity, the interest rate for the year ended 30 June 2016 was 5.4%.

Table 10 - Managing Director's options

Share options of Webjet Limited

	Balance at 30 June 2015 No.	Granted as compensation No.	Exercised No.	Forfeited No.	Bal at 30 June 2016 No.	Bal vested at 30 June 2016 No.	Vested but not exercisable No.	Vested and exercisable No.	Options vested during year No.
2016									
John Guscic	4,500,000	0	1,000,000	0	3,500,000	2,500,000	0	2,500,000	1,000,000

	Balance at 30 June 2014 No.	Granted as compensation No.	Exercised No.	Forfeited No.	Bal at 30 June 2015 No.	Bal vested at 30 June 2015 No.	Vested but not exercisable No.	Vested and exercisable No.	Options vested during year No.
2015									
John Guscic	6,000,000	0	1,000,000	500,000	4,500,000	2,500,000	0	2,500,000	1,500,000

1 Remuneration report (continued)

Section 5 - Statutory Disclosures (continued)

Managing Director Share Option Plan

Options series	Number	Grant date	Expiry date	Exercise price ^ $	Fair value at grant date $	Vesting date	Vesting condition
John Guscic – Tranche 1(a)[1]	500,000	19/10/2011	30/06/2015	$2.60	$0.22	1/09/2012	Achievement of FY12 Budget
John Guscic – Tranche 1(b)[1]	500,000	19/10/2011	30/06/2015	$2.60	$0.22	1/09/2012	Progressive - remain in employment
John Guscic – Tranche 2(a)	500,000	19/10/2011	30/06/2016	$3.10	$0.20	1/09/2013	Achievement of FY13 Budget
John Guscic – Tranche 2(b)	500,000	19/10/2011	30/06/2016	$2.98	$0.20	1/09/2013	Progressive - remain in employment
John Guscic – Tranche 3(a)[2]	500,000	19/10/2011	30/06/2017	$3.80	$0.22	1/09/2014	Achievement of FY14 Budget
John Guscic – Tranche 3(b)	500,000	19/10/2011	30/06/2017	$3.68	$0.22	1/09/2014	Progressive - remain in employment
John Guscic – Tranche 1(c)	1,000,000	13/11/2013	30/06/2018	$4.88	$0.14	30/06/2015	Progressive - remain in employment
John Guscic – Tranche 2(c)	1,000,000	13/11/2013	30/06/2019	$5.38	$0.16	30/06/2016	Progressive - remain in employment
John Guscic – Tranche 3(c)	1,000,000	13/11/2013	30/06/2020	$5.88	$0.21	30/06/2017	Progressive - remain in employment

Notes:

^ The exercise price for Tranches 2(b), 3(b) and Tranches 1, 2 & 3 (c) were adjusted as a result of the 6 June 2016 rights issue.

1. All options granted to the Managing Director had a significant performance hurdle in the form of their exercise price (which for all options was set at a significant premium to the Webjet price at the time of issue of the options). For example, on 8 November 2013, shortly prior to the issue of the share options to Mr Guscic in November 2013, trading in Webjet shares on ASX closed at $2.97. That compares to exercise prices for the three tranches of options granted to the Managing Director at that time of $5.00, $5.50 and $6.00 respectively.

2. 1,000,000 options granted to John Guscic under Tranche 2(a) and tranche 2(b) were exercised in August 2015 and June 2016 at the exercise price of $3.10 and $2.98 respectively.

3. 1,000,000 options that were granted to John Guscic during 2013 as part of his remuneration vested on 30 June 2016 by virtue of the continuing employment condition of vesting being satisfied.

4. On exercise, each option held by Mr Guscic will result in the issue of one ordinary share of Webjet Limited.

5.2 Prohibition on hedging of Webjet shares and options

Executive KMP are not allowed to protect the value of any unvested or restricted equity awards allocated to them or to use unvested or restricted equity awards as collateral in any financial transaction, including hedging and margin loan arrangements, without a specific clearance from the Chairman.

In June 2016, the Managing Director sought and obtained specific clearance from the Chairman to permit him to enter into a structured option and financing agreement with UBS AG in respect of the exercise by the Managing Director of 500,000 options awarded to him (with shareholder approval) in November 2013. On receipt of the proceeds of the structured loan, these options (which had vested) were exercised by the Managing Director in June 2016.

Any securities that have vested and are no longer subject to restrictions or performance conditions may be subject to hedging arrangements or used as collateral provided that the consent, notification and other restrictions on dealings set out in Webjet's Share Trading Policy are complied with in advance of the Executive KMP entering into the arrangement.

1 Remuneration report (continued)

Section 5 - Statutory Disclosures (continued)

5.3 KMP Transactions

There were no transactions or loans between the Webjet Group and the KMP other than those disclosed in this Remuneration Report.

- Minter Ellison Lawyers of which Don Clarke is a Consultant was paid a total $805,526 (2015: $564,645) during the year. All transactions were conducted on a commercial arm's length basis and charged accordingly.

- PT. AbdiTeknologiInformasi (ATI) of which Brad Holman is a director was paid a total of $86,014 (2015: $94,902) during the year. All transactions were conducted on a commercial arm's length basis and charged accordingly. As at 30 June 2016, Webjet no longer transacts with ATI.

- APD Acquire Pty Ltd, a subsidiary of Asia Pacific Digital Limited of which Roger Sharp is a director, was paid $50,031 (2014: $76,130) during the year. All transactions were concluded on a commercial arm's length basis and charged accordingly. As at 30 June 2016, Webjet no longer transacts with Asia Pacific Digital Limited (or any of its subsidiary entities).

- Loan by Webjet to the Managing Director (for details of the Loan, refer section 5.1 of this Report.

A number of Directors hold or have held positions in other companies where it is considered they control or influence the financial or operating policies of those entities. There have been no transactions with those entities and no amounts were owed by the Webjet Group to personally related entities.

This Remuneration Report was approved by the Board on 17 August 2016 and has been signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the Corporations Act 2001 (Cth).

Corporate Governance Statement

1 Governance at Webjet

Introduction

Webjet Limited (Webjet or Company) is an on-line travel company. In the 2016 financial year, its customers undertook over 2.1 million transactions (involving a total transaction value (TTV) of in excess of A$1.63 billion) on its on-line platforms. The total number of transactions and TTV have grown by 28.1% and 28.8% respectively in the financial year under review.

Webjet's governance practices have demonstrably supported the business and its growth by facilitating effective board and management decision making, providing clear lines of responsibility and accountability and a commitment to transparent communications with shareholders and other stakeholders.

This Corporate Governance Statement explains the corporate governance framework and practices adopted by Webjet. In developing this framework, the Board has had regard to the corporate governance standards published in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Recommendations) and to the governance standards adopted generally by companies of a similar size to Webjet.

Under ASX Listing Rule 4.10.3, ASX-listed entities are required to benchmark their corporate governance practices against the ASX Recommendations. The ASX recommendations are available at http://www.asx.com.au/documents/asx-compliance/cgc-principles-and-recommendations-3rd-edn.pdf

Webjet complies with all ASX Recommendations with the exception of the following:

- Recommendation 2.1 - the Board does not have a Nomination Committee. All matters pertaining to the composition of the Board, Board renewal and performance are dealt with by the Board itself.

- Recommendation 7.1(a)(1) - during the relevant financial year, the Risk Committee comprised 2 members only. The Board has opted to have separate Audit and Risk Committees, with each Non-Executive Director appointed to one of the two Committees. The rationale for doing so is that, by having separate committees, better use is made of the time and resources available and each committee can better focus on its respective responsibilities.

Copies of the Board Charter and all other corporate governance policies referred to in this Corporate Governance Statement can be found in the corporate governance section of Webjet's website.

2 Board of Directors

Overview of the Board

(a) The Board currently comprises seven Directors, including six Non-Executive Directors. The Directors are:

(i) David Clarke - Chairman and Independent Non-Executive Director (Age: 69).**
(ii) John Guscic - Managing Director (Age: 52)
(iii) Don Clarke - Independent Non-Executive Director (Age: 62)**
(iv) Steven Scheuer - Non-Executive Director (Age: 59)
(v) Roger Sharp - Independent Non-Executive Director (Age: 55)
(vi) Brad Holman - Independent Non-Executive Director (Age: 54)
(vii) Shelley Roberts - Independent Non-Executive Director (Age: 41)

**Note: David Clarke and Don Clarke are not related.

(b) Further details of the Directors can be found on page 2. These details include the period of office for each Director, their age and qualifications, experience, special responsibilities and other listed company directorships.

2 Board of Directors (continued)

Structure and composition of the Board

Webjet is committed to ensuring that the composition of the Board includes Directors who bring an appropriate mix of skills, experience, expertise and diversity to Board decision making.

The Board has collective business expertise in the areas of travel, digital and on-line businesses, consumer businesses, finance, law, accounting, sales and marketing, operational and project management. Further, members of the Board have experience in the countries in which Webjet has business assets and activities (Australia, New Zealand, Asia, Middle East and Europe).

Conduct of Board's business

In addition to formal Board meetings (and Committee meetings) which are held through out the year, the Directors are in continuous communication on all material and strategic matters. These communications, which are generally conducted by telephone and email, occur frequently and provide for a transparent flow of strategic and operational information and data between the Directors. This level of communication requires significant time commitment and involvement on the part of all Directors (especially the Chairman) and is one of the key elements of Webjet's success.

Director skills, experience and attributes

The Board considers that a diversity of skills, backgrounds, knowledge, geographic location and gender are important in order to effectively govern the Company and its business. The Board has worked, and will continue to work, to ensure the Board has the right balance of skills, experience, independence and business knowledge necessary to discharge its responsibilities in accordance with the appropriate standards of governance.

To govern the Webjet Group effectively, the Non-Executive Directors must have a clear understanding of the Company's overall strategy, together with knowledge about the business and the environment in which it operates. Non-Executive Directors must be sufficiently familiar with the Webjet Group's core businesses to be effective contributors to the development of strategy and to monitoring performance. They must be familiar with, and understand, the risks that the Webjet Group faces and the processes in place to mitigate and manage those risks.

The Webjet Board operates on a consensus basis. As such, in performing their role as Non-Executive Directors, each Director must commit to the collective decision making processes of the Board. They must be willing to debate issues openly and constructively, and be free to question or challenge the opinions of others. They must be clear communicators and, equally, good listeners who contribute to the Board in a collegial manner. Each Director must ensure that no decision or action is taken that places his or her interests in front of the interests of Webjet.

The Board considers that its Directors and senior management have the combined skills and experience to discharge their respective individual and combined responsibilities in a publicly listed, global on-line travel company.

Non-Executive Directors David Clarke, Brad Holman and Roger Sharp have a deep knowledge and understanding of Webjet's business through prior roles in either Webjet (David Clarke was the founder of Webjet and its first Managing Director) or other on-line businesses in similar business sectors. In addition, each brings to the Company broad management, commercial and operational experience in the travel sector and in the regions where Webjet operates, especially in Australia, New Zealand and Asia.

Shelley Roberts has extensive commercial and operational experience in the travel sector through prior management roles at Tiger Airways Australia, easyJet, Macquarie Airports and her present role as the Executive Director, Aviation Services at Sydney Airport. Shelley's recent appointment in April 2016 as a Non-Executive Director has also enhanced the diversity and finance, accounting and operational management experience of the Board.

2 Board of Directors (continued)

Structure and composition of the Board (continued)

Don Clarke, who was a corporate partner of the international law firm, Minter Ellison, for 27 years prior to his retirement from the partnership in June 2015, brings to the Board a wealth of knowledge and experience of the commercial, legal and governance framework within which the Company operates.

John Guscic, the Managing Director, has over 20 years experience in the travel industry (including over 10 years as, initially, a Non-Executive Director of Webjet and, more recently, as its Managing Director). He has particular knowledge and expertise in the B2B hotel sector from his prior roles with a major international web-beds organisation.

Steven Scheuer has been a business owner and entrepreneur through out his business career. He was an early investor in Webjet (and its business model) and brings to the Board his experience and expertise in retail and consumer businesses. Steven will be retiring from the Board at the 2016 AGM.

Table 1 sets out the skills and experience considered by the Board to be important for its Directors to have collectively.

In addition to the skills and experience set out in following Table 1, the Board considers that each Director has the following attributes:

(i) honesty and integrity;
(ii) the ability to think strategically;
(iii) an ability to consider materiality and risk tolerance as key considerations in decision making;
(iv) the time available to devote to Webjet's business;
(v) a willingness to question, challenge and critique;
(vi) a willingness to understand and commit to the highest standards of governance;
(vii) an understanding of the key drivers of the Webjet businesses; and
(viii) a proven track record of creating value for shareholders.

In the case of the Managing Director, he also brings additional perspectives to the Board through a deeper understanding of the Webjet Group's business and operations.

All Directors are expected to use their range of relevant skills, knowledge and experience and to apply their judgement to all matters discussed at Board meetings.

The following table sets out the mix of skills and experience that the Board considers necessary or desirable in its Directors and the extent to which they are represented on the Board and its committees.

2 Board of Directors (continued)

Structure and composition of the Board (continued)

Table 1 - Director skills / experience matrix

Skills/Experience	**Board**	**Audit Committee**	**Risk Committee**	**Remuneration Committee**
Total number of Directors	7 Directors	4 Directors	2 Directors	3 Directors
Executive Leadership Sustainable success in business at a senior level in a successful career	5	3	1	2
Global experience Senior management or equivalent experience in global businesses, exposed to a range of political, cultural, regulatory and business environments	5	3	1	2
Strategy/risk Developing and implementing a successful strategy (including appropriately probing and challenging management on the delivery of agreed strategic planning objectives) over the long-term	7	4	2	3
Corporate governance and compliance Commitment to high standards of governance, business ethics and regulatory compliance	7	4	2	3
Financial acumen Senior management or equivalent experience in financial accounting and reporting, corporate finance and internal financial controls, including ability to probe the adequacies of financial and risk controls	7	4	2	3
Commercial capability Broad range of commercial skills and experience, including strategy and development, acquisitions and divestments, negotiation, planning and execution phases.	6	3	2	3
Marketing and communications Senior management or equivalent experience in experience in marketing and a detailed understanding of the steps required to create long term shareholder value through delivery of on-line consumer transactions and customer service	6	3	2	3
Regulatory affairs Experience in regulatory policy, retail and wholesale transactional business laws and policies	5	2	2	2

2 Board of Directors (continued)

Structure and composition of the Board (continued)

The Webjet Board represents a range of backgrounds and currently includes one female Director. Future Director appointments provide an opportunity to appoint additional international and/or female Directors to the Board, depending on the availability of candidates from time to time and the Board's assessment of the geographic, skills, experience and diversity needs of the Company.

Renewal

The Board has actively and effectively planned for its succession. The Board believes that orderly succession and renewal are only achieved as a result of review and careful planning over a period of time. In doing this, the Board:

(i) considers the skills, backgrounds, knowledge, experience and diversity of geographic location, nationality and gender necessary to allow it to meet the corporate purpose;
(ii) assesses the skills, backgrounds, knowledge, experience and diversity currently represented;
(iii) identifies any inadequate representation of those attributes and agrees the process necessary to ensure a candidate is selected who brings them to the Board; and
(iv) reviews how Board performance might be enhanced, both at an individual Director level and for the Board as a whole.

If a need for change is identified, the Board conducts appropriate background and reference checks before the candidate is appointed to the Board.

The Board has a standard letter of appointment that contains the terms on which Non-Executive Directors will be appointed, including the basis upon which they will be appointed, paid, insured and indemnified. The letter of appointment clearly defines the role of Directors, including the expectations in terms of participation, time commitment and conflicts. In summary, all Directors are expected to constructively challenge; set the values and standards for the Webjet Group; monitor the performance of management and the Webjet Group itself; satisfy themselves as to the adequacy and integrity of the Webjet Group's financial statements and satisfy themselves that the systems for the identification and management of risks are robust and appropriate. The letter of appointment also makes it clear that Directors are required to disclose circumstances that may affect, or may be perceived to affect, their ability to exercise independent judgement so that the Board can assess independence on a regular basis.

Inclusion and diversity

The Board is committed to ensuring diversity is actively pursued and implemented in terms of Board composition. Diversity is a core consideration in ensuring that the Board and its committees have the right balance of skills, experience, independence and Group knowledge necessary to discharge their responsibilities.

The Board believes that many facets of diversity are required in order to meet the corporate purpose. In that context, diversity is not restricted to gender. It also includes geographic location, nationality, skills, background, knowledge, experience and outlook.

The right blend of perspectives is critical to ensuring the Board oversees Webjet effectively for the benefit of its shareholders. In addition, and supporting the achievement of diversity across the Group, the Board also believes in the importance of creating an inclusive work environment.

Webjet is a global business. As a result, while there is always scope for further improvement, the Webjet Group already has a very diverse workforce in terms of its geographic locations, nationalities, skills, backgrounds, knowledge and experience. Webjet also actively promotes gender equality (in respect of employment terms and payment) across its workforce. Further information relating to diversity, including details of the proportion of women in our workforce and in senior management positions within the Webjet Group, is set out in section 6 of this Report.

Role and responsibilities of the Board

The role of the Board is to represent shareholders and to promote and protect the interests of Webjet.

The Board governs with regard to the interests of our shareholders (as a whole), our business and financial partners, our employees and our customers.

2 Board of Directors (continued)

Role and responsibilities of the Board (continued)

The Board, through its Chairman and Managing Director, aims for and seeks to instil within the Company a culture of excellence, quality, customer care and service, respect, integrity and trust. It has over many years implemented and managed extensive internal and external quality reviews designed to further these objectives.

The Board Charter sets out the Board's role and responsibilities and describes those matters expressly reserved for the Board and those matters delegated to management (principally the Managing Director).

The Managing Director has responsibility for the day-to-day management of the Group, and is supported in this function by the Company's senior executive team, which is appointed and functions by reference to geographic, business unit and functional requirements. However, the ultimate responsibility for governance and strategy rests with the Directors.

The Board has specifically reserved certain matters for its decision. It delegates authority for all other matters that are necessary for the management of the Company's business to management (through the Managing Director) within authority limits approved from time to time.

The responsibilities reserved by the Board for its decision include:

(i) reviewing, ratifying and overseeing systems of risk management and internal control and ethical and legal compliance, including matters of health, safety, environment and community;
(ii) capital management and decisions regarding major capital expenditure, acquisitions and divestitures;
(iii) developing and reviewing the application of corporate governance principles and policies, including approval of the Company's diversity policy and measurable objectives for achieving broad diversity across the Webjet Group;
(iv) approving material documents such as financial statements;
(v) appointing and conducting performance appraisals of the Managing Director and overseeing succession planning for the Managing Director and the Board; and
(vi) reviewing and approving material contractual arrangements, remuneration and benefits in relation to the Managing Director and general oversight of the contractual arrangements, remuneration and benefits in relation to the other members of the senior executive group.

Independence

The Board Charter requires that a majority of Directors (including the Chairman) be independent.

The independence of a Director is assessed according to Webjet's Policy on Independence of Directors, which is available on Webjet's website - http://investor.webjet.com.au/board-charters/

The assessment is carried out on appointment, annually and when a Director's circumstances change in a manner that warrants re-assessment.

The prime test of independence used by the Board to determine a Director's independence is whether the Director is 'independent of management and of any business interest, position, association or other relationship that could materially influence (or be reasonably perceived to materially influence) the exercise of objective, unfettered or independent judgement by the Director or the Director's ability to act in the best interests of the Webjet Group or its shareholders generally'.

When making assessments of independence, the Board takes into account all relevant facts and circumstances. For the purpose of testing materiality, the Board uses a benchmark of 1% - i.e. a supplier to, or customer of, the Webjet Group will be material if transactions with that person account for more than 1% of the Webjet Group's expenditure or more than 1% of that person's consolidated gross revenue.

The Board has reviewed the independence of each of the current Directors and determined that all of the continuing Non-Executive Directors are independent.

John Guscic is not considered independent as he is the Managing Director and a member of Webjet's management.

2 Board of Directors (continued)

Independence (continued)

Where a Director is considered by the Board to be independent, but is affected by circumstances that appear relevant to the Board's (or other person's) assessment of independence, the Board has undertaken to explain the reasons why it reached its conclusion. In applying the independence test, the Board considers relationships with management, major shareholders, subsidiary and associated companies and other parties with whom the Webjet Group transacts business against pre-determined materiality thresholds, all of which are set out in the policy. A summary of the factors that may be perceived to impact the independence of certain Directors is set out below.

Tenure

As at the end of the year under review, David Clarke had served as the Managing Director of Webjet from 1999 to March 2011 and as Chairman of the Board from April 2011 to date.

Despite both the length of service and the fact that David Clarke was previously the Managing Director of Webjet, the Board considers David Clarke to be an independent Non-Executive Director. Only two members of the current senior management team of 10 were members of that team when David Clarke was an executive of the Company and it is in excess of 5 years since he retired from his executive role in the Company (which contrasts to the ASX Recommendations which refer to employment in an executive capacity by an entity within the previous three years as a factor to be taken into account in determining a director's independence). Further, David Clarke's expertise and broad experience over 40 years in the travel sector materially enhance the skills and experience profile of the Board. He continues to make a very particular and unique contribution through his role as Chairman.

The Board does not believe that either David Clarke's length of service or prior executive role interferes in any way with his ability to act in the best interests of the Group. The Board believes strongly that he has retained independence of character and judgement and has not formed any associations with management (or others) that might compromise his ability to exercise independent judgement or act in the best interests of the Webjet Group.

Relationships and associations

Don Clarke was a Partner of the law firm, Minter Ellison, until 30 June 2015. Subsequent to that date, he has been (and continues to be) a consultant to that firm. Consistent with the policies of Minter Ellison, Don Clarke has not, since his appointment as a Director in 2008, been involved in the provision of legal advice by that firm to the Webjet Group. In addition, neither his remuneration as a partner nor as a consultant of that firm has been or will in the future be dependent on the professional fees paid by the Webjet Group to Minter Ellison. Further the amount charged for the services provided by Minter Ellison was not material (within the context of the materiality benchmarks set by the Board) to either Webjet or Minter Ellison. For those reasons, despite the fact that Don Clarke has been a partner of a professional services provider within the last three years (which under the ASX Recommendations is a factor to be taken into account in determining a director's independence), the Board regards him as independent and able to act in the best interests of the Webjet Group.

In this context, the Board also notes that Minter Ellison is not the only law firm to provide legal services to the Webjet Group in the current year and that, commensurate with the expanded nature and scope of its businesses, Webjet is moving to a legal panel arrangement for the future provision of legal services.

Each of Roger Sharp and Brad Holman is a director and shareholder of entities that, in the financial year ended 30 June 2016, supplied services to Webjet. In each case, the amount charged for the services supplied by those related entities to the Webjet Group was not material to either Webjet or the supplier entities. Further, the arrangements with those entities were terminated in FY2016 and it is not intended that either entity, or any other entities related or associated with either Roger Sharp or Brad Holman, will provide services to the Webjet Group in the future.

The Board does not consider that the prior commercial relationships between the Webjet Group and companies associated with Mr Sharp and Mr Holman interferes in any way with the exercise by them of their objective, unfettered and independent judgement or their ability to act in the best interests of the Webjet Group.

2 Board of Directors (continued)

Independence (continued)

The Board considers the business, legal and financial acumen and experience of each of its Non-Executive Directors to be important in the discharge of the Board's responsibilities.

For the reasons set out above, the Board has assessed David Clarke, Don Clarke, Shelley Roberts, Roger Sharp and Brad Holman as independent (notwithstanding the existence of the matters disclosed above) and the membership of each of them of the Board is considered by the Board to be appropriate and desirable.

Steven Scheuer was until recently a substantial shareholder of the Company. While the ASX Recommendations refer to a substantial shareholding as a factor to be taken into account in determining a director's independence, Mr Scheuer's independence is no longer an issue for consideration as Mr Scheuer has ceased to be a substantial shareholder of the Company and will be retiring as a Director of Webjet at the conclusion of the 2016 AGM.

Chairman

The Chairman of the Board is David Clarke. He is considered by the Board to be independent (refer above). He was an Executive Director of the Company from 1998 to March 2011. He has been a Non-Executive Director of the Company since April 2011.

The principal role of the Chairman is to provide leadership to the Board, to ensure the Board works effectively and discharges its responsibilities, and to encourage a culture of openness, debate, performance and collegiality. The Board's policy is that the Chairman ought not be the same person as the Managing Director to ensure there is effective Board oversight of management's activities.

The Chairman:

(i) represents the Board to the shareholders and communicates the Board's position;
(ii) serves as the primary link between the Board and management; and
(iii) sets the agenda for Board meetings (in consultation with the Managing Director and the other Directors) and is responsible for ensuring that all Directors are adequately briefed in relation to issues addressed at Board meetings.

The Board is conscious of the time commitment required of Directors and, in particular, of the Chairman. The Board is satisfied that David Clarke makes sufficient time available to serve the Webjet Group effectively and that none of David Clarke's other commitments interfere with the discharge of his responsibilities to the Group.

Senior Independent Director

The Board has appointed Roger Sharp to the role of Senior Independent Director. He has broad experience in the on-line travel sector and international business, and has materially enhanced the skills and experience profile of the Board subsequent to his appointment to the Board (effective - January 2013). Mr Sharp is also in a position where he can manage his time and other commitments in a way that enables him to be readily available for his Board duties (including his role as Senior Independent Director).

Mr Sharp is available to shareholders who have concerns that cannot be addressed through the Chairman, the Managing Director or the Chief Financial Officer. As Senior Independent Director, he also provides a sounding board for the Chairman and serves as an intermediary for other Directors (if necessary).

Director appointment, election and re-election

No resolution for the appointment of any candidate to the Board will be put before the Board for approval without extensive and appropriate background and reference checks taking place. Similarly, before a Director's election or re-election at an AGM, the performance of the relevant Director will be evaluated and all information relevant to the election or re-election will be provided to the shareholders.

2 Board of Directors (continued)

Director appointment, election and re-election (continued)

All new Non-Executive Directors are required to sign a letter of appointment that sets out the terms and conditions of their appointment, including their role and responsibilities, time commitment envisaged and the requirement to participate in a performance evaluation process. On appointment, all new Non-Executive Directors are briefed fully on the business and strategic plans of Webjet and, on an on-going basis, are required to commit the time necessary to develop and maintain the skills and knowledge needed to perform their role effectively.

Under Webjet's Constitution, with the exception of the Managing Director, Directors may not hold office without re-election beyond the third Annual General Meeting (AGM) following their election or most recent re-election.

Any Director appointed to fill a casual vacancy since the previous AGM must submit themselves to shareholders for election at the next AGM.

Of the Directors:

(i) Mr Steven Scheuer has decided to retire from the Board, effective on the date of 2016 AGM;
(ii) Ms Shelley Roberts, having been appointed by the Board in April 2016 to fill a casual vacancy, will stand for election at the 2016 AGM; and
(iii) to facilitate an orderly rotation among the other Non-Executive Directors, Roger Sharp will retire from the Board and will offer himself for re-election at the 2016 AGM.

Webjet will provide its shareholders with information relevant to a Director's election or re-election in the Notice of Meeting for an AGM.

Board, Committee and Director evaluations

The Webjet Board is committed to transparency in determining Board membership and in assessing the performance of the Board, Board Committees and individual Directors.

The Board is committed to transparency in determining Board membership and in assessing the performance of Directors.

The Board conducts regular evaluations of its performance, the performance of its committees, the Chairman, individual Directors and the governance processes that support the Board's work. The Board evaluation process comprises both assessment and review. This includes analysis of how the Board and its Directors are functioning, the time spent by the Board considering matters and whether the terms of reference of the Board committees have been met, as well as compliance with the Board Charter.

The evaluation considers the balance of skills, experience, independence and knowledge of the Company and the Board, its overall diversity, including gender, and how the Board works together as a unit.

3 Board Committees

Overview

To assist the Board in discharging its responsibilities effectively and efficiently, the Board has established three Board Committees. This allows for additional and more focused time to be spent on specific matters.

Each Committee operates within its Board-approved charter, which sets out the roles, responsibilities, membership requirements and meeting procedures for the relevant Committee. Each Committee charter is reviewed regularly and is updated as required.

Each Committee meets as frequently as required but generally not less than twice a year.

Board Committee	Audit	Remuneration	Risk
No. of meetings held during the year	3	6	8

3 Board Committees (continued)

Overview (continued)

All Directors have a standing invitation to attend Committee meetings with the consent of the relevant Committee Chair. Papers prepared for the Committees are made available to all Directors and reports of Committee meetings are provided to the Board.

The three permanent Board Committees are the:

(i) Remuneration Committee;
(ii) Risk Committee; and the
(iii) Audit Committee

A copy of the charter of each of the Committees is available on Webjet's website in the Corporate Governance section.

The Board has elected not to have a Nomination Committee. All matters pertaining to the composition of the Board, Board renewal and performance are dealt with by the full Board.

Remuneration Committee

Membership and attendees

Under the Remuneration Committee charter, the Committee must consist of at least three members and be comprised of only Non-Executive Directors, a majority of whom must be independent Directors (including the Committee Chairman).

The Committee comprises three independent Non-Executive Directors:

(i) Don Clarke - independent Non-Executive Director - Chair;
(ii) David Clarke - independent Non-Executive Director; and
(iii) Brad Holman - independent Non-Executive Director.

Members of the senior management team support the work of the Committee and are invited to attend Committee meetings as required. No senior management team member is present when their remuneration is considered and discussed.

Role and responsibility

The Committee assists the Board in overseeing the:

(i) remuneration policy and framework (including short and long-term incentive plans), its specific application to the Managing Director and its general application to all members of the senior management team and, as appropriate, employees;
(ii) the adoption, operation and administration of all annual and longer term incentive plans;
(iii) the determination of levels of reward for the Managing Director and general overview of the levels of reward for the Managing Director's direct reports;
(iv) the annual evaluation of the performance of the Managing Director (via the Chairman of the Company);
(v) the Company's compliance with applicable legal and regulatory requirements associated with remuneration matters;
(vi) preparation of the Remuneration Report; and
(vii) communication to shareholders and other stakeholders on remuneration policy and the Committee's work on behalf of the Board.

The Remuneration Committee met 6 times during the year. Information on meeting attendance by Committee members is included in the table on page 6 in the Directors' Report.

Further details regarding the role and activities of the Remuneration Committee are provided in the Remuneration Report included within this Annual Report.

3 Board Committees (continued)

Audit Committee

Membership and attendees

Under the Audit Committee charter, the Committee must consist of at least three members. Its members must be Non-Executive Directors (a majority of whom must be independent) and have an independent Chairman (who is not the Chairman of the Board). The Committee members must between them have financial and accounting expertise and a sufficient understanding of the industry in which Webjet operates to be able to discharge the Committee's mandate effectively.

The Committee comprises four Non-Executive Directors:

(i) Brad Holman - independent Non-Executive Director - Chairman;
(ii) Roger Sharp - independent Non-Executive Director;
(iii) Steven Scheuer - Non-Executive Director; and
(iv) Shelley Roberts - independent Non-Executive Director.

Details of the relevant qualifications and experience of the members of the Audit Committee can be found on page 2 of the Directors' Report.

The Managing Director and his nominees, principally the Chief Financial Officer (CFO), support the work of the Committee and are regularly invited to attend and present at Committee meetings.

The Committee also meets with the External Auditor, both with and without members of management being present, on a regular basis and whenever deemed appropriate by the Committee Chairman.

Role and responsibility

The Committee assists the Board in overseeing (amongst other things):

(i) the integrity of the Webjet Group's financial statements and financial reporting;
(ii) the appointment, remuneration, qualifications, independence and performance of the External Auditor and the integrity of the audit process as a whole;
(iii) reviews and monitors the provision of additional services (if any) by the External Auditor;
(iv) the effectiveness of the systems of internal financial control and risk management;
(v) plans, performance, objectivity and leadership of the internal financial control and audit functions and the integrity of the internal financial control and audit process as a whole;
(vi) systems for compliance with applicable legal and regulatory requirements within the Committee's area of responsibility;
(vii) capital management (funding, liquidity, balance sheet management, dividends); and
(viii) other matters requiring the approval of the Committee under its charter or referred by the Board from time to time.

The Audit Committee met 3 times during the year. Information on meeting attendance by Committee members is included in the table on page 6 of the Directors' Report.

In addition to its regular business, the Audit Committee discussed matters including compliance, adequacy of the internal accounting and finance resources and taxation. It also assisted the Board in assuring the integrity of the Group's financial statements, by making recommendations to the Board about the appropriateness of accounting policies and practices, areas of judgement, compliance with Accounting Standards, stock exchange and legal requirements and the results of the external audit.

The Audit Committee reviews the half-yearly and annual financial statements and makes recommendations on specific actions (including formal adoption of the financial statements and reports) or decisions the Board should consider in order to maintain the integrity of the financial statements.

3 Board Committees (continued)

Audit Committee (continued)

The Audit Committee also continues to monitor regulatory developments in relation to the audit regime and the role of audit committees, and will continue to review and assess how changes in such matters are likely to impact the Webjet Group in the future.

Risk Committee

Membership and attendees

Under the Risk Committee charter, the Committee must consist of not less than two Non-Executive Directors (unless otherwise determined by the Board).

The Committee comprises two Non-Executive Directors, both of whom are independent:

(i) David Clarke - independent Non-Executive Director - Chair; and
(ii) Don Clarke - independent Non-Executive Director.

The Managing Director and his nominees, principally the Group Chief Commercial Officer and the CFO, support the work of the Risk Committee and are invited to attend and present at Committee meetings as required.

Role and responsibility

The Committee assists the Board in overseeing the:

(i) the appropriateness of the Webjet Group's strategic direction in light of the economic, social, political, cyber, legal and regulatory environments in which it operates;
(ii) the identification of material business risks and priorities (in terms of relative risk levels) and allocating resources effectively and efficiently;
(iii) procedures for identifying business and operational risks (including cyber security risks) and controlling their financial impact on the Webjet Group and the operational effectiveness of policies and procedures relating to risk and control;
(iv) the operating effectiveness of the systems of internal financial control and risk management;
(v) overseeing the adequacy of internal controls and allocation of responsibilities for monitoring internal business, IT and financial systems and controls;
(vi) the arrangements for protecting intellectual property, confidential and private customer information and other non-physical assets;
(vii) procedures for ensuring compliance with relevant regulatory and legal requirements, including OH&S laws and regulations;
(viii) policies and practices for detecting, reporting and preventing fraud and serious breaches of business conduct procedures and controls;
(ix) a risk assessment (risk identification, risk analysis, including the likelihood and impact assessment, and risk evaluation) for material risk issues;
(x) the design, implementation, operation and assessment of controls to ensure residual risks are tolerable;
(xi) resources are acquired economically, used efficiently and adequately protected;
(xii) the adequacy of the coverage and quantum of insurance arrangements of the Webjet Group; and
(xiii) other matters requiring the approval of the Committee under its charter or referred by the Board from time to time.

The Risk Committee met 8 times during the year. It conducted numerous reviews of the effectiveness (and appropriateness) of the Webjet Group's systems of risk management and internal controls. The reviews covered financial, operational and compliance controls and risk assessment. Management presented information as required by the Committee on material risks facing the Webjet Group, the level of effectiveness of risk management over the material business risks and the insurance coverage held by the Company. The Board is satisfied that:

(i) the effectiveness of the internal controls and risk management procedures have been properly reviewed; and

3 Board Committees (continued)

Risk Committee (continued)

(ii) the material business risk issues within Webjet Group identified by management, the Risk Committee and the Board are constantly reviewed, analysed and assessed in a consistent manner.

In addition to the work of the Risk Committee, the Board reviews and considers the Group's risk profile on a regular basis to ensure it supports the achievement of Webjet's strategy, including determining the nature and extent of risks the Board is prepared to take in the pursuit of our objectives. The Board is also responsible for reviewing, endorsing and overseeing the Company's risk management framework, at least annually, and satisfying itself that it continues to be sound and that the Webjet Group is operating within the risk tolerance levels determined by the Board.

4 Promoting Responsible and Ethical Behaviour

The Webjet Group has established various policies and procedures that set out its values and expectations as to how the Company and its employees will work and behave towards each other.

Code of Business Conduct

The Webjet Code of Conduct (the Code) represents a commitment by all Directors and senior management to uphold ethical business practices and meet or exceed applicable legal requirements. It sets the standard for behaviour and provides guidance which in turn assists in building trusting relationships with suppliers, business partners, customers and shareholders.

Webjet has independent external systems in place for employees and contractors to be able to anonymously report concerns regarding the behaviour of employees, or those representing Webjet, in a way that protects their identity.

Failure to comply with the Code is viewed as a serious matter, which may lead to disciplinary action, including dismissal and/or legal action.

A copy of the Code can be found on Webjet's website in the Corporate Governance section.

Anti-corruption

Webjet has zero tolerance for unfair and/or unethical conduct in its business. It believes that acting fairly and ethically promotes and will create value for our business partners, customers, suppliers and shareholders.

Webjet recognises that compliance with local and international bribery and anti-corruption laws is essential to protect its reputation and to preserve its ability to build its business in the on-line sector. Webjet prohibits facilitation payments and the authorising, offering, giving or promising anything of value directly or indirectly (via a third party) to government officials to influence official action, or to anyone to encourage them to perform their work disloyally or otherwise improperly.

Conflicts of interest

General guidelines in relation to managing conflicts of interest can also be found in the Code, and a number of measures have been adopted to ensure compliance.

Employees and agency contractors are required to record any actual conflict of interest or any appearance of one.

In accordance with the requirements of the Australian Corporations Act 2001, Directors who have a material personal interest in a matter that is being considered at a Directors' meeting must not be present while the matter is being considered. The other Directors may, however, allow such Directors to participate and vote in relation to the issue if they are satisfied that the interest should not disqualify the Director(s) from voting or being present.

4 Promoting Responsible and Ethical Behaviour (continued)

Dealings in Webjet securities

Webjet has adopted a Share Trading Policy with the purpose of:

(i) ensuring that public confidence is maintained in the reputation of the Webjet Group, its Directors and employees and in the trading of the Company's securities;
(ii) explaining the Company's policy and procedures for the dealing in securities; and
(iii) recognising that some types of dealing in securities are also prohibited by law.

The Share Trading Policy applies to all Directors, members of the senior management team and other employees who have been advised by the Company Secretary that they are subject to the requirements of this Policy.

All persons to whom the Policy is applicable (and their associates - which includes certain family members and entities that such persons have the ability to control) must not deal in the Company's securities during certain blackout periods (from the end of the half year or full year until the release of the results and any other period specified by the Board). There are limited exceptions. Outside of the blackout periods, such persons must notify the Company and/or seek prior approval for a proposed dealing in the Company's securities.

The Share Trading Policy also sets out Webjet's policy on hedging arrangements, further details of which are set out the Remuneration Report included in this Annual Report.

A copy of the Share Trading Policy can be found in Corporate Governance section of Webjet's website (www.webjet.com.au).

Market Disclosure and Communications with Shareholders

Webjet places material importance on effective communication with its shareholders, prospective shareholders and market participants and is committed to promoting high standards of disclosure to ensure that trading in Webjet's shares occurs in an efficient and well-informed market.

Market disclosure and communications

Webjet has disclosure obligations under Australian law and regulations (i.e. Corporations Act and ASX Listing Rules).

To safeguard the effective dissemination of information and to ensure that Directors and employees are aware of their obligations, Webjet has adopted a Market Disclosure and Communications Policy that outlines:

(i) the procedures adopted by the Company for meeting its disclosure requirements;
(ii) the roles and responsibilities of the Board, Managing Director and Company Secretary in ensuring Webjet complies with its disclosure obligations; and
(iii) the standards Webjet adopts for ensuring effective communication with shareholders and market participants.

All employees play an important role in enabling Webjet to comply with these obligations and all steps in the disclosure process are aimed at ensuring that information that may need to be disclosed is reported in a timely manner.

A copy of the Policy can be found on Webjet's website in the Corporate Governance section.

Market Disclosure and Communications with Shareholders (continued)

Shareholder engagement

Webjet is committed to effective two-way communication with shareholders and other financial market participants through our investor relations, electronic communications and engagement programmes.

Our investor relations programme aims to allow investors and other financial market participants to gain a greater understanding of our business, governance, financial performance and prospects. It provides a forum for investors and other financial market participants to express their views to us on matters of concern and interest to them.

Our investor relations team assess and evaluate shareholder feedback, received through calls to them, question and answer sessions at the AGM and questions raised at investment briefings.

Shareholders can request to receive shareholder communications electronically.

Engagement between our Directors, shareholders and other financial market participants is an important part of our communication process. It assists in building awareness, alignment and better long-term relationships. While acknowledging and valuing continuous disclosure obligations, it is important for Directors and the Board to understand different perspectives of the various stakeholders and be prepared to respond to feedback.

Webjet is now committed to a programme of engagement with shareholders and other financial market participants which will involve meetings that encourage constructive dialogue with the Company on the business, financial results, strategy and, as appropriate, governance and remuneration matters.

Feedback from these communication programs is reported to the respective Committees and to the Board. This ensures that all Directors have an understanding of shareholder perspectives on important matters.

Annual General Meeting

The AGM is an important occasion for updating shareholders on the Company's performance. The AGM offers an opportunity for shareholders to ask questions of and to hear from the Board. It also allows the Board to listen to and respond to feedback. If practicable, all Australian based Directors and members of the senior management team will attend the 2016 AGM. The External Auditor will also be available to answer questions relevant to the audit.

Voting rights are an important tool for shareholders to cast their views on significant matters affecting Webjet's business.

The Notice of Meeting will explain how shareholders can appoint proxies and how questions can be registered prior to the meeting. Shareholders will also be able to submit proxies electronically through a link to our share registry.

The AGM will be webcast so that shareholders who are unable to attend the AGM will have the opportunity to listen to the meeting. Copies of the Chairman's and Managing Director's reports to the AGM will be lodged with ASX immediately prior to the meeting, while the results of any voting at the AGM will be lodged with ASX and made available on our website as soon as practicable after the AGM.

5 Diversity and inclusion at Webjet

Our values, along with the Diversity Policy, guide our approach to diversity and inclusion. Webjet believes its success to date relies in part on having a team comprised of the best people, each bringing different skills, perspectives and experiences, and an inclusive work environment where these differences are valued.

Webjet's Diversity Policy was approved by the Board in June 2011 and responsibility for its oversight rests with the Board. A copy of the Policy is available on Webjet's website.

Our vision for diversity in Webjet reflects the broadest definition of difference, where we attract, retain and develop people who differ by gender, ethnicity, disability, age, thought, education, experience, family responsibilities and sexuality. Webjet is an on-line travel business with global operations. As a result, it already has a very diverse workforce, not only in terms of gender (refer below) but also in terms of ethnicity, age, education and experience. This applies broadly across the Company, at both management and the more junior employee levels. It is important to Webjet that its workforce reflects the communities in the countries in which it operates.

Despite its existing diverse nature, subject to the overriding objective of always recruiting and retaining the best people, the Webjet Board is determined to further improve the representation of employees from diverse ethnic backgrounds in its workforce and to progress towards balanced gender representation at Board and senior management levels. The Board's measurable objectives for diversity and inclusion reflect these goals and the Board will monitor progress towards achieving these objectives on an annual basis.

The Webjet Code of Conduct states our commitment to equality in employment practices and zero tolerance for harassment or bullying and sets out our expectations of all employees in this regard. As noted, Webjet has an active policy of fairness and equality between genders in terms of payment and work conditions. It seeks neither to intentionally or inadvertently discriminate between genders in respect of payment or work conditions.

Progress during FY2016

Achieving diversity across the whole workforce received particular focus.

With the addition of Ms Shelley Roberts to the Board in FY2016, one of our seven Board Directors is female (14.3 per cent). In addition:

(i) three of the 10 members of the senior management team are women (30%), - the three women fill the roles of Group Chief Commercial Officer, Country Manager (Singapore) and Corporate Development Officer (Hotels); and
(ii) of the total workforce of 530 employees, female representation is 53%.

Focus areas for FY2017

Measurable objectives have been set by the Board in respect of FY2017 consistent with our aim to further progress towards balanced gender and ethnically diverse representation across Board, senior management and all other areas of our business.

As in excess of 50% of all Webjet employees are female, the Board's primary diversity aims are:

(i) to achieve a year-on-year increase in overall female representation in our leadership teams (Board and senior and regional management teams) to at least one third by FY2019; and
(ii) to ensure equal access to all employment opportunities at work based primarily on merit.

In addition, Webjet will continue to monitor targets for:

(i) the representation of people from different ethnic backgrounds in our workforce;
(ii) equality of gender and diversity of talent in our recruitment of younger employees; and
(iii) the diversity profile of our leadership teams and of successors for key leadership roles.

5 Diversity and inclusion at Webjet (continued)

We will also continue to monitor compliance with our objective of gender equality in remuneration outcomes and progress in creating an inclusive work environment through our employee surveys.

This Corporate Governance Statement is current as at 17 August 2016 and has been approved by the Board on this date.

Webjet Limited ABN 68 002 013 612
Annual report - 30 June 2016

Contents

	Notes	**Consolidated entity Year ended 30 June 2016 $'000**	30 June 2015 $'000
Revenue	3	**152,006**	116,869
Finance income	4(a)	**783**	1,044
Other income	4(b)	**2,544**	2,374
		155,333	120,287
Share of net (loss) of associates and joint ventures accounted for using the equity method	21(b)	**(20)**	(106)
Employee benefits expense	6	**(40,566)**	(29,010)
Depreciation and amortisation expense	6	**(6,023)**	(4,709)
Marketing expenses		**(29,351)**	(21,187)
Operating expenses		**(30,176)**	(23,734)
Options expense		**(118)**	(114)
Technology expenses		**(7,125)**	(7,568)
Administrative expenses		**(4,654)**	(4,423)
Finance expenses		**(1,266)**	(1,032)
Directors' fees		**(475)**	(470)
Other expenses		**(5,201)**	(3,600)
Business acquisition costs		**(247)**	(1,146)
Profit before income tax		**30,111**	23,188
Income tax expense	5	**(7,893)**	(5,688)
Profit from continuing operations		**22,218**	17,500
Profit for the period		**22,218**	17,500
Profit is attributable to:			
Owners of Webjet Limited		**22,218**	17,500
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents)	17	**27.36**	21.95
Diluted earnings per share (cents)	17	**26.94**	21.93

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

	Consolidated entity Year ended 30 June 2016 $'000	30 June 2015 $'000
Profit for the period	**22,218**	17,500
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**569**	3,722
Changes in fair value of derivatives	**(1,169)**	15
Other comprehensive income for the period, net of tax	**(600)**	3,737
Total comprehensive income for the period	**21,618**	21,237
Total comprehensive income for the period is attributable to:		
Owners of Webjet Limited	**21,618**	21,237
Total comprehensive income for the period attributable to owners of Webjet Limited arises from:		
Continuing operations	**21,618**	21,237

	Notes	Consolidated entity At 30 June 2016 $'000	30 June 2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents	23	**116,215**	76,230
Trade and other receivables	7	**80,112**	34,765
Derivative financial instruments	25(b)	**-**	309
Other current assets	9	**10,043**	6,426
Total current assets		**206,370**	117,730
Non-current assets			
Other financial assets		**255**	265
Investments in associates	21(b)	**88**	104
Other non-current assets		**1,528**	-
Deferred tax assets	5(c)	**4,409**	4,421
Property, plant and equipment	10	**11,758**	8,086
Intangible assets	11	**153,459**	72,215
Total non-current assets		**171,497**	85,091
Total assets		**377,867**	202,821
LIABILITIES			
Current liabilities			
Trade and other payables	12	**146,062**	73,200
Borrowings	13	**38,351**	4,000
Derivative financial instruments	25(b)	**338**	-
Current tax liabilities		**4,114**	4,065
Provisions	14	**4,919**	4,101
Other current liabilities	15	**3,281**	2,214
		197,065	87,580
Total current liabilities		**197,065**	87,580
Non-current liabilities			
Deferred tax liabilities	5(c)	**3,079**	1,989
Borrowings	13	**17,143**	21,143
Provisions	14	**874**	355
Derivative financial instruments	25(b)	**1,021**	466
Other non-current liabilities		**7,124**	8,834
Total non-current liabilities		**29,241**	32,787
Total liabilities		**226,306**	120,367
Net assets		**151,561**	82,454

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

	Notes	Consolidated entity At 30 June 2016 $'000	30 June 2015 $'000
EQUITY			
Share capital	16(a)	**101,690**	42,779
Reserves	16(b)	**4,768**	5,670
Retained earnings	16(c)	**45,103**	34,005
Capital and reserves attributable to owners of Webjet Limited		**151,561**	82,454
Total equity		**151,561**	82,454

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

		Attributable to owners of Webjet Limited								
		Share capital	**Available-for-sale financial assets**	**Cash flow hedges**	**Share-based payments**	**Foreign currency translation**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Consolidated entity	Notes	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 July 2014		40,179	55	-	748	1,015	27,286	69,283	-	69,283
Profit for the year as reported in the 2015 financial statements		-	-	-	-	-	17,500	17,500	-	17,500
Other comprehensive income		-	-	15	-	3,723	-	3,738	-	3,738
Total comprehensive income for the period		**-**	**-**	**15**	**-**	**3,723**	**17,500**	**21,238**	**-**	**21,238**
Transactions with owners in their capacity as owners:										
Dividends provided for or paid	18	-	-	-	-	-	(10,781)	(10,781)	-	(10,781)
Issue of shares exercised through options		2,600	-	-	-	-	-	2,600	-	2,600
Option expense recognised for the year		-	-	-	114	-	-	114	-	114
		2,600	-	-	114	-	(10,781)	(8,067)	-	(8,067)
Balance at 30 June 2015		**42,779**	**55**	**15**	**862**	**4,738**	**34,005**	**82,454**	**-**	**82,454**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

		Attributable to owners of Webjet Limited								
		Share capital	Available-for-sale financial assets	Cash flow hedges	Share-based payments	Foreign currency translation	Retained earnings	Total	Non-controlling interests	Total equity
Consolidated entity	Notes	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 July 2015		42,779	55	15	862	4,738	34,005	82,454	-	82,454
Profit for the year as reported in the 2016 financial statements		-	-	(1,169)	-	569	22,218	21,618	-	21,618
Total comprehensive income for the period		**-**	**-**	**(1,169)**	**-**	**569**	**22,218**	**21,618**	**-**	**21,618**
Transactions with owners in their capacity as owners:										
Contributions of equity, net of transaction costs and tax	16(a)	40,014	-	-	-	-	-	40,014	-	40,014
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	16(a)	15,437	-	-	-	-	-	15,437	-	15,437
Dividends provided for or paid	18	-	-	-	-	-	(11,120)	(11,120)	-	(11,120)
Issue of shares exercised through options	16(a)	3,040	-	-	-	-	-	3,040	-	3,040
Transfer from option reserve		420	-	-	(420)	-	-	-	-	-
Option expense recognised for the year		-	-	-	118	-	-	118	-	118
		58,911	-	-	(302)	-	(11,120)	47,489	-	47,489
Balance at 30 June 2016		**101,690**	**55**	**(1,154)**	**560**	**5,307**	**45,103**	**151,561**	**-**	**151,561**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Notes	Consolidated entity Year ended 30 June 2016 $'000	30 June 2015 $'000
Cash flows from operating activities			
Receipts from customers		**443,087**	129,079
Payments to suppliers and employees		**(390,923)**	(91,534)
Income taxes paid		**(5,090)**	(2,128)
Interest and other costs of finance paid		**(1,233)**	(1,032)
Interest received		**783**	1,044
Net cash inflow from operating activities	24(a)	**46,624**	35,429
Cash flows from investing activities			
Payments for property, plant and equipment	10	**(2,543)**	(955)
Purchase of intangible assets	11	**(6,531)**	(6,693)
Payments for acquisition of subsidiary, net of cash acquired	28	**(58,519)**	(20,352)
Dividends received		**100**	100
Net cash (outflow) from investing activities		**(67,493)**	(27,900)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		**45,559**	2,600
Proceeds from borrowings		**34,352**	27,143
Repayment of borrowings		**(4,000)**	(2,000)
Dividends paid to company's shareholders	18	**(11,120)**	(10,781)
Advances for related party loan		**(1,500)**	-
Net cash inflow from financing activities		**63,291**	16,962
Net increase in cash and cash equivalents		**42,422**	24,491
Cash and cash equivalents at the beginning of the financial year		**76,230**	51,792
Effects of exchange rate changes on cash and cash equivalents		**(2,437)**	(53)
Cash and cash equivalents at end of period	23	**116,215**	76,230

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Contents of the notes to the consolidated financial statements

1 Summary of significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the Consolidated Entity consisting of Webjet Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Webjet Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the Webjet Limited Consolidated Entity also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

These financial statements have been prepared under the historical cost basis, except for the following:

- available-for-sale financial assets, financial assets and liabilities (including derivative instruments) - measured at fair value

(iii) New and amended standards adopted by the group

The group has applied the following standards and amendments for first time in their annual reporting period commencing 1 July 2015:

- AASB 2014-1 *Amendments to Australian Accounting Standards (*including Part A*: Annual Improvements 2010-2012 and 2011-2013 Cycles and* Part B*: Defined Benefit Plans: Employee Contributions - Amendments to AASB 119)*

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods and have not been early adopted by the Consolidated Entity. The Consolidated Entity's assessment of the impact of these new standards and interpretations is set out below.

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by group
AASB 9 *Financial Instruments*	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.	While the group has yet to undertake a detailed assessment of the classification and measurement of financial assets, the group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets. There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The new hedge accounting rules will align the accounting for hedging instruments more closely with the group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. While the group is yet to undertake a detailed assessment, it would appear that the group's current hedge relationships would qualify as continuing hedges upon the adoption of AASB 9. Accordingly, the group does not expect a significant impact on the accounting for its hedging relationships. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.	Must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed AASB 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The group is currently assessing whether it should adopt AASB 9 before its mandatory date.

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by group
AASB 15 *Revenue from Contracts with Customers*	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.	Management is currently assessing the effects of applying the new standard on the group's financial statements. At this stage, the group is not able to estimate the effect of the new rules on the group's financial statements. The group will make more detailed assessments of the effect over the next twelve months.	Mandatory for financial years commencing on or after 1 January 2018, but available for early adoption Expected date of adoption by the group: 1 July 2018
AASB 16 *Leases*	Requires lessees to recognise assets and liabilities for all leases with a term greater than 12 months on the balance sheet.	Management is currently assessing the effects of applying the new standard on the group's financial statements. At this stage, management do not anticipate the change to have a material impact on the financial statements.	Mandatory for financial years commencing on or after 1 January 2019, but is available for early adoption. Expected date of adoption by the group: 1 July 2019.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(b) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Consolidated Entity, refer to Note 1 (h).

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

Intercompany transactions, balances and unrealised gains on transactions between Consolidated Entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

(ii) Associates

Associates are all entities over which the Consolidated Entity has significant influence but not control or joint control. This is generally the case where the Consolidated Entity holds of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see below (iii)), after initially being recognised at cost.

(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Consolidated Entity's share of the post-acquisition profits or losses of the investee in profit or loss, and the Consolidated Entity's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Consolidated Entity's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Consolidated Entity and its associates and joint ventures are eliminated to the extent of the Consolidated Entity's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

(iv) Changes in ownership interests

When the Consolidated Entity ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Consolidated Entity had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Consolidated Entity's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars ($), which is Webjet Limited's functional and presentation currency.

1 Summary of significant accounting policies (continued)

(d) Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each consolidated statement of profit or loss and consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Consolidated Entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Consolidated Entity's activities as described below. The Consolidated Entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The specific accounting policies for the group’s main types of revenue are explained below:

1 Summary of significant accounting policies (continued)

(e) Revenue recognition (continued)

(i) Revenue from travel bookings

Revenue from bookings fees on travel bookings is recognised when the booking is made by the customer and payment has been received. Commission revenue is recognised upon the provision of the related service.

There is no credit risk associated with the booking fee as the amount is received from the customer at the time of booking and is non-refundable. There is some credit risk associated with commissions. Some commissions are accrued on a ticketed basis (that is the Consolidated Entity has discharged its obligation as an agent), and some commissions accrued when the customer has obtained the service from the third party service provider.

(ii) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Consolidated Entity reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(iii) Dividends

Dividends are recognised as revenue when the right to receive payment is established.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liabilities in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Webjet Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

1 Summary of significant accounting policies (continued)

(f) Income tax (continued)

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(g) Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Consolidated Entity as lessee are classified as operating leases (note 20). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Consolidated Entity is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the consolidated balance sheet based on their nature.

(h) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Consolidated Entity, liability incurred by the Consolidated Entity to the former owners of the acquiree and the equity instruments issued by the Consolidated Entity in exchange for control of the acquiree.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Consolidated Entity recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

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

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

1 Summary of significant accounting policies (continued)

(i) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, other than goodwill, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash generating units). Goodwill is assessed for impairment at the operating segment level. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(j) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See note 7 for further information about the Consolidated Entity's accounting for trade receivables and note 25(d) for a description of the Consolidated Entity's impairment policies.

(l) Investments and other financial assets

(i) Classification

The Consolidated Entity classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period. See note for details about each type of financial asset.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date - the date on which the Consolidated Entity commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

1 Summary of significant accounting policies (continued)

(l) Investments and other financial assets (continued)

(iii) Measurement

At initial recognition, the Consolidated Entity measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- for 'financial assets at fair value through profit or loss' - in profit or loss within other income or other expenses
- for available for sale financial assets that are monetary securities denominated in a foreign currency - translation differences related to changes in the amortised cost of the security are recognised in profit or loss and other changes in the carrying amount are recognised in other comprehensive income
- for other monetary and non-monetary securities classified as available for sale - in other comprehensive income.

(iv) Impairment

The Consolidated Entity assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

(v) Income recognition

Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Consolidated Entity reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

1 Summary of significant accounting policies (continued)

(l) Investments and other financial assets (continued)

Dividends

Dividends are recognised as revenue when the right to receive payment is established.

(m) Derivatives and hedging activities

The Consolidated Entity uses derivative financial instruments such as forward foreign currency contracts and interest rate swaps to hedge its risk associated with interest rate and foreign currency fluctuations. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Consolidated Entity designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

The Consolidated Entity documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Consolidated Entity also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 25(f). Movements in the hedging reserve in shareholder's equity are shown in note 16(b). The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expenses.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance costs'. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in profit or loss within 'sales'.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

(ii) Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expenses.

Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

1 Summary of significant accounting policies (continued)

(m) Derivatives and hedging activities (continued)

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other income or other expenses.

(n) Property, plant and equipment

Each class of property, plant and equipment is carried at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciable amount of all classes of property, plant and equipment is depreciated on a diminishing value basis so as to write off the net cost or other revalued amount of each asset over its expected life, or in the case of leasehold improvements the shorter lease term, to its estimated residual value. The depreciation rate used for each class of depreciable asset is:

- Office furniture and equipment 15%
- Computer equipment and software 40%
- Leasehold improvements 20%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(o) Intangible assets

Intangible assets with finite lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses and are tested for impairment annually.

(i) Goodwill

Goodwill is measured as described in note 1(h). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 2).

(ii) Trademarks

Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

1 Summary of significant accounting policies (continued)

(o) Intangible assets (continued)

(iii) Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

(iv) Research and development

Research expenditure and development expenditure that do not meet the criteria in (iii) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Consolidated Entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(r) Provisions

Provisions are recognised when the Consolidated Entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

1 Summary of significant accounting policies (continued)

(r) Provisions (continued)

(i) Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Consolidated Entity has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

(s) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the consolidated balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Share-based payments

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Consolidated Entity's estimate of equity instruments that will eventually vest. At each reporting date, the Consolidated Entity revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with corresponding adjustment to the equity-settled employee benefits reserve.

(t) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

1 Summary of significant accounting policies (continued)

(u) Earnings per share (continued)

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(v) Rounding of amounts

The Company is of a kind referred to in Class Order 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(w) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

2 Segment information

(a) Description of segments and principal activities

Management has determined the operating segments and the segment information disclosed based on reports reviewed by the Managing Director that are used to make strategic decisions.

The Managing Director considers that all members of the group provide the same service, being Travel Bookings. The reportable segments of the Consolidated Entity are considered to be - Business to Consumer Travel (B2C Travel) and Business to Business Travel (B2B Travel).

There are no sales between segments. The revenue from external customers reported to the Managing Director is measured in a manner that is consistent with that in the consolidated statement of profit and loss.

The amounts provided to the Managing Director with respect to total assets and total liabilities are measured in a manner that is consistent with that of the Consolidated Balance Sheet.

2 Segment information (continued)

(b) Segment results

The segment information provided to the Managing Director for the reportable segments for the year ended 30 June is as follows:

	2016			2015		
	B2C Travel $'000	**B2B Travel $'000**	**Total $'000**	**B2C Travel $'000**	**B2B Travel $'000**	**Total $'000**
Revenues from travel bookings	121,479	30,527	152,006	95,142	21,727	116,869
Interest revenue/(expense)	558	(1,041)	(483)	878	(766)	112
Depreciation and amortisation	(3,166)	(2,857)	(6,023)	(2,801)	(1,908)	(4,709)
Losses from associates	(20)	-	(20)	(106)	-	(106)
Profit/(loss) before tax	30,599	(488)	30,111	21,946	1,242	23,188
Income tax (expense) / benefit	(8,147)	254	(7,893)	(4,889)	(799)	(5,688)
Profit/(loss) after tax	22,452	(234)	22,218	17,057	443	17,500
Segment assets	283,333	94,534	377,867	133,302	69,519	202,821
Segment liabilities	170,420	55,886	226,306	81,306	39,061	120,367
Acquisitions of non-current assets*	85,174	1,268	86,442	4,625	29,800	34,425

*Non-current assets excluding financial assets and deferred tax assets.

(c) Other segment information

Webjet Limited is domiciled in Australia. For the purposes of this disclosure, revenue is determined by the location of the customer and assets are allocated based on the legal entity ownership of the asset. The amount of revenue and non-current assets in Australia is as follows:

	Revenue		Non-current assets*	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Australia	96,706	76,997	48,011	42,783
All other countries **	55,300	39,872	118,731	37,623
	152,006	116,869	166,742	80,406

* Non-current assets excluding financial assets and deferred tax assets.
** Increase in 2016 non-current assets for other countries is due to acquisition of Online Republic.

3 Revenue

The Consolidated Entity derives the following types of revenue:

	Consolidated entity Year ended	
	30 June 2016 $'000	30 June 2015 $'000
Revenue		
Revenue from travel bookings	**152,006**	116,869
	152,006	116,869

4 Other income and expense items

(a) Investment income

	Consolidated entity Year ended 30 June 2016 $'000	30 June 2015 $'000
Interest income		
Finance income	**783**	1,044

(b) Other income

	Notes	Consolidated entity Year ended 30 June 2016 $'000	30 June 2015 $'000
Dividend income from equity investment		**100**	100
Other income		**2,444**	2,274
		2,544	2,374

5 Income tax expense

(a) Income tax expense

	Consolidated entity Year ended 30 June 2016 $'000	30 June 2015 $'000
Current tax		
Current tax	**7,480**	6,356
Adjustments for current tax of prior periods	**(1,569)**	(66)
Total current tax expense	**5,911**	6,290
Deferred income tax		
Deferred tax	**1,489**	(602)
Adjustments for deferred tax of prior periods	**493**	-
Total deferred tax expense/(benefit)	**1,982**	(602)
Income tax expense	**7,893**	5,688

5 Income tax expense (continued)

(a) Income tax expense (continued)

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated entity Year ended 30 June 2016 $'000	30 June 2015 $'000
Profit from continuing operations before income tax expense	**30,111**	23,188
Tax at the Australian tax rate of 30.0% (2015 - 30.0%)	**9,033**	6,956
Tax loss of foreign subsidiaries not recognised	**624**	1,088
Effect of previously unrecognised overseas tax losses recognised as deferred tax assets	**-**	(939)
Effect of income/expenses that are not assessable/deductible in determining taxable profit	**104**	202
Effect of utilised franking credits	**-**	(43)
Research and development tax credit	**(163)**	(102)
Effect of deferred tax expense relating to the origination and reversal of temporary differences	-	265
Utilisation of tax losses	**(263)**	(116)
Foreign income tax offset	**(26)**	-
Difference in overseas tax rates	**(366)**	(1,557)
Deductible expenses / assessable income not included in taxable profits	**(33)**	-
Adjustments for current tax of prior periods	**(1,569)**	(66)
Adjustments for deferred tax of prior period	**493**	-
Other	**59**	-
Income tax expense	**7,893**	5,688

The tax rate used for the 2016 and 2015 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

5 Income tax expense (continued)

Deferred tax balances

(i) Deferred tax assets

	Consolidated entity At 30 June 2016 $'000	30 June 2015 $'000
The balance comprises temporary differences attributable to:		
Tax losses	**1,335**	1,604
Employee benefits	**956**	1,169
Deferred revenue	**260**	369
Other	**250**	273
Intangibles & PPE	**980**	867
Expenses deductible over 5 years	**628**	139
Total deferred tax assets	**4,409**	4,421

(ii) Deferred tax liabilities

	Consolidated entity At 30 June 2016 $'000	30 June 2015 $'000
The balance comprises temporary differences attributable to:		
Intangible assets	**2,933**	1,976
Interest receivable	**121**	3
Other	**25**	10
Total deferred tax liabilities	**3,079**	1,989

5 Income tax expense (continued)

(c) Movements in deferred taxes

Deferred tax asset	Tax losses $'000	Employee benefits $'000	Expenses deductible over 5 years $'000	Deferred revenue $'000	Other $'000	Intangibles & PPE $'000	Total $'000
At 1 July 2014	1,440	582	224	488	1,986	78	4,798
(Charged)/credited							
- to profit or loss	164	587	(85)	(119)	(1,713)	789	(377)
- to other comprehensive income	-	-	-	-	-	-	-
- directly to equity	-	-	-	-	-	-	-
At 30 June 2015	1,604	1,169	139	369	273	867	4,421

Movements	Tax losses $'000	Employee benefits $'000	Expenses deductible over 5 years $'000	Deferred revenue $'000	Other $'000	Intangibles & PPE $'000	Total $'000
At 1 July 2015	1,604	1,169	139	369	273	867	4,421
(Charged) / credited							
- to profit or loss	(269)	(213)	(212)	(109)	(202)	113	(892)
- to other comprehensive income	-	-	-	-	-	-	-
- directly to equity	-	-	701	-	179	-	880
At 30 June 2016	1,335	956	628	260	250	980	4,409

5 Income tax expense (continued)

(c) Movements in deferred taxes (continued)

Deferred tax liability	**Property, plant and equipment $'000**	**Intangible assets $'000**	**Interest receivable $'000**	**Other $'000**	**Total $'000**
At 1 July 2014	170	2,696	43	61	2,970
Charged/(credited)					
- profit or loss	(170)	(720)	(40)	(51)	(981)
- to other comprehensive income	-	-	-	-	-
- directly to equity	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	-
At 30 June 2015	-	1,976	3	10	1,989

	Property, plant and equipment $'000	**Intangible assets $'000**	**Interest receivable $'000**	**Other $'000**	**Total $'000**
Movements					
At 1 July 2015	-	1,976	3	10	1,989
Charged/(credited)					
- profit or loss	-	957	118	15	1,090
At 30 June 2016	-	2,933	121	25	3,079

5 Income tax expense (continued)

Relevance of tax consolidation to the Consolidated Entity

The company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2007 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Webjet Limited. The members of the tax-consolidated group are identified in note 21(a). Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying
amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax-sharing agreement with the head entity. Under the terms of the tax funding arrangement, Webjet Ltd and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax-consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

6 Profit for the year

	Notes	**30 June 2016 $'000**	30 June 2015 $'000
Depreciation and amortisation			
Depreciation	10	**1,871**	1,384
Amortisation	11	**4,152**	3,325
		6,023	4,709
Research & development costs expensed		**1,981**	1,913
Employee expenses			
Employee benefits expenses		**38,970**	27,595
Superannuation expense		**1,596**	1,415
		40,566	29,010
Restructuring costs		**-**	557
Operating lease expense		**1,673**	1,422
Net foreign exchange (gains)/losses		**232**	1,673

7 Trade and other receivables

	Consolidated entity At 30 June 2016 Current $'000	30 June 2016 Non-current $'000	30 June 2016 Total $'000	30 June 2015 Current $'000	30 June 2015 Non-current $'000	30 June 2015 Total $'000
Trade receivables	**80,662**	**-**	**80,662**	34,917	-	34,917
Provision for impairment of receivables (see note 25(d))	**(550)**	**-**	**(550)**	(162)	-	(162)
	80,112	**-**	**80,112**	34,755	-	34,755
Other receivables	**-**	**-**	**-**	10	-	10
	80,112	**-**	**80,112**	34,765	-	34,765

(i) Classification as trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables are generally due for settlement within 30 - 90 days and therefore are all classified as current. An amount only becomes due on completion of the contract period which may be up to 12 months. Management is prudent in its provisions against these receivables but do not believe any balances are impaired in the current reporting period. Trade receivables that are neither past due nor impaired relate to long standing business partners with good track records. The Consolidated Entity's impairment and other accounting policies for trade and other receivables are outlined in notes 25(d) and 1(k) respectively.

(b) Age of trade receivables that are past due but not impaired

	Consolidated entity At 30 June 2016 $'000	30 June 2015 $'000
Up to 3 months	**4,347**	5,530
3 - 6 months	**1,379**	519
Total	**5,726**	6,049

(c) Movement in the allowance for doubtful debts

	Consolidated entity At 30 June 2016 $'000	30 June 2015 $'000
Balance at the beginning of the year	**(162)**	-
Provision charge for the year	**(482)**	(162)
Provision utilised	**94**	-
Balance at the end of the year	**(550)**	(162)

8 Other financial assets

	Consolidated entity At 30 June 2016 $'000	30 June 2015 $'000
Available for sale investments carried at fair value		
Current		
Forward exchange contracts (i)	**-**	309
Non-current		
Other financial assets (ii)	**255**	265

(i) Relates to the fair value of forward exchange contracts entered into by the Group to hedge against foreign exchange rate risk on the B2B business. As at 30 June 2016, the forward exchange contracts were classified as a current liability. Refer to note 25(b)(iii) for further details.

(ii) The Consolidated Entity holds 20% of the ordinary share capital of Taguchi Marketing Pty Ltd, a company involved in email marketing and distribution activities. The directors of the Consolidated Entity do not consider that the Consolidated Entity is able to exert significant influence over Taguchi Marketing Pty Ltd as the day-to-day running of the business is not under the influence of the Consolidated Entity.

9 Other assets

	Consolidated entity At 30 June 2016 $'000	30 June 2015 $'000
Current		
Prepayments	**5,294**	4,220
Margin deposits	**2,998**	-
Other current assets	**1,751**	2,206
Total	**10,043**	6,426

10 Property, plant and equipment

Consolidated entity	Land & building $'000	Software $'000	Office equipment $'000	Furniture & fittings $'000	Leasehold improvements $'000	Computer equipment $'000	Assets under construction $'000	Total $'000
At 1 July 2015								
Cost or fair value	3,876	3,460	2,098	686	1,391	2,151	211	13,873
Accumulated depreciation	(207)	(2,039)	(793)	(312)	(792)	(1,638)	(6)	(5,787)
Net book amount	3,669	1,421	1,305	374	599	513	205	8,086
Year ended 30 June 2016								
Opening net book amount	3,669	1,421	1,305	374	599	513	205	8,086
Exchange differences	129	105	147	16	6	1	(10)	394
Additions	-	1,487	45	8	7	808	188	2,543
Transfers from intangible assets	-	2,035	-	-	-	344	-	2,379
Depreciation charge	(61)	(787)	(337)	(87)	(169)	(430)	-	(1,871)
Disposals	-	(199)	(5)	-	-	(31)	-	(235)
Additions through acquisition	-	-	-	51	54	357	-	462
Closing net book amount	3,737	4,062	1,155	362	497	1,562	383	11,758
At 30 June 2016								
Cost	4,012	7,273	2,162	770	2,024	3,931	383	20,555
Accumulated depreciation	(275)	(3,211)	(1,007)	(408)	(1,527)	(2,369)	-	(8,797)
Net book amount	3,737	4,062	1,155	362	497	1,562	383	11,758

10 Property, plant and equipment (continued)

Consolidated entity	Land & building $'000	Software $'000	Office equipment $'000	Furniture & fittings $'000	Leasehold improvements $'000	Computer equipment $'000	Assets under construction $'000	Total $'000
At 1 July 2014								
Cost or fair value	-	2,197	697	266	1,272	1,697	-	6,129
Accumulated depreciation	-	(953)	(150)	(111)	(522)	(1,346)	-	(3,082)
Net book amount	-	1,244	547	155	750	351	-	3,047
Year ended 30 June 2015								
Opening net book amount	-	1,244	547	155	750	351	-	3,047
Exchange differences	(2)	8	(6)	-	9	58	(6)	61
Additions	-	421	33	45	10	235	211	955
Transfers from intangible assets	-	89	-	63	-	-	-	152
Depreciation charge	(58)	(536)	(206)	(72)	(170)	(219)	-	(1,261)
Disposals	-	-	-	-	-	(3)	-	(3)
Additions through acquisition	3,729	195	937	183	-	91	-	5,135
Closing net book amount	3,669	1,421	1,305	374	599	513	205	8,086
At 30 June 2015								
Cost or fair value	3,876	3,460	2,098	686	1,391	2,151	211	13,873
Accumulated depreciation	(207)	(2,039)	(793)	(312)	(792)	(1,638)	(6)	(5,787)
Net book amount	3,669	1,421	1,305	374	599	513	205	8,086

11 Intangible assets

Consolidated entity Non-current assets	**Goodwill $'000**	**Trademarks $'000**	**Capitalised development $'000**	**Other $'000**	**Total $'000**
At 30 June 2015					
Cost	38,490	8,347	21,826	11,162	79,825
Accumulation amortisation and impairment	(190)	-	(5,576)	(1,844)	(7,610)
Net book amount	38,300	8,347	16,250	9,318	72,215
Year ended 30 June 2016					
Opening net book amount	38,300	8,347	16,250	9,318	72,215
Additions through business combination	49,719	17,088	1,207	10,281	78,295
Additions	-	-	5,498	1,033	6,531
Exchange differences	2,260	620	7	555	3,442
Amortisation charge	-	-	(2,728)	(1,424)	(4,152)
Write off	-	-	(494)	-	(494)
Transfers to PP&E	-	-	(228)	(2,150)	(2,378)
Closing net book amount	90,279	26,055	19,512	17,613	153,459
At 30 June 2016					
Cost	90,279	26,055	27,742	20,587	164,663
Accumulated amortisation	-	-	(8,230)	(2,974)	(11,204)
Net book amount	90,279	26,055	19,512	17,613	153,459

Consolidated entity Non-Current assets	**Goodwill $'000**	**Trademarks $'000**	**Capitalised development $'000**	**Other $'000**	**Total $'000**
At 1 July 2014					
Cost	21,729	7,005	16,078	2,133	46,945
Accumulation amortisation and impairment	(190)	-	(3,249)	(677)	(4,116)
Net book amount	21,539	7,005	12,829	1,456	42,829
Year ended 30 June 2015					
Opening net book amount	21,539	7,005	12,829	1,456	42,829
Additions through business combination	14,381	891	-	7,856	23,128
Additions	-	-	5,126	1,567	6,693
Exchange differences	2,380	451	339	147	3,317
Amortisation charge	-	-	(2,044)	(1,402)	(3,446)
Transfers to PP&E	-	-	-	(89)	(89)
Write off	-	-	-	(217)	(217)
Closing net book amount	38,300	8,347	16,250	9,318	72,215

11 Intangible assets (continued)

Consolidated entity Non-Current assets	Goodwill $'000	Trademarks $'000	Capitalised development $'000	Other $'000	Total $'000
At 30 June 2015					
Cost	38,490	8,347	21,826	11,162	79,825
Accumulation amortisation and impairment	(190)	-	(5,576)	(1,844)	(7,610)
Net book amount	38,300	8,347	16,250	9,318	72,215

(i) Capitalised development

The capitalised development intangible assets represent the Consolidated Entity's travel booking system and licences as well as additional distribution systems that enable customers to access this booking platform.

Capitalised development has a finite life and is amortised on a straight-line basis. Capitalised development relating to Core Booking Systems is amortised over 15 years, while capitalised development relating to Ancilliary Systems is amortised over a period of 5 to 10 years.

(ii) Trademarks

Trademarks have been acquired through the acquisition of the Zuji, Sunhotels and Online Republic group of entities. All trademarks are carried at cost less accumulated impairment losses. The intangible assets relating to the Zuji, Sunhotels and Online Republic acquisitions have been determined to have indefinite useful lives as there is no expiry and no foreseeable limit on the period of time over which these assets are expected to contribute to the cashflows of the Consolidated Entity. For impairment purposes the trademarks are tested at an overall cash generating unit level.

(iii) Other identifiable intangibles

The other identifiable intangible assets acquired through the acquisition of the Zuji, Sunhotels and Online Republic group of entities include domain names, other software licences and development, supplier agreements, operating rights, customer lists and non-compete agreements.

Other intangible assets all have a finite life and are assessed individually in determining useful life for amortisation. The useful lives of these assets range from 3 - 10 years.

(iv) Goodwill

Goodwill has been acquired as part of business combinations and after initial recognition is measured at cost less accumulated impairment losses. Goodwill is not amortised but is assessed for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that it might be impaired.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arise, identified according to operating segments (refer to Segment information note 2 on page 70).

(v) Impairment tests for goodwill

Goodwill is monitored by management at the operating segment level as disclosed in note 2. Management has identified the reportable segments to be Business to Consumer Travel (B2C Travel) and Business to Business Travel (B2B Travel).

The segment-level summary of the carrying amount of goodwill and trademarks acquired from business combinations is shown below:

11 Intangible assets (continued)

2016	**B2C Travel $'000**	**B2B Travel $'000**	**Total $'000**
Carrying amount of goodwill	74,853	15,426	90,279
Carrying amount of trademarks	25,123	933	26,056
	99,976	16,359	116,335

2015	**B2C Travel $'000**	**B2B Travel $'000**	**Total $'000**
Carrying amount of goodwill	23,394	14,906	38,300
Carrying amount of trademarks	7,445	902	8,347
	30,839	15,808	46,647

(vi) Significant estimates: key assumptions used for value-in-use calculations

The recoverable amount of the cash-generating unit is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The Consolidated Entity has prepared a detailed projection for the financial year ended 30 June 2017 based on historical and current financial performance, after including the expected change in revenues and margins resulting from the business combinations and new business initiatives. The four following years have been calculated using a projection of the growth in overall total transaction volume.

B2C
Management's key assumptions used in the value-in-use calculation are a TTV margin of 9.6%, a growth rate beyond budget period of 2% and a discount rate of 14%. Management determined the budgeted gross margin based on past performance and expectations for the future.

B2B
Management's key assumptions used in the value-in-use calculation are an EBITDA target of $11.0m in FY17 with continued growth of 20% in FY18 & FY19, a growth rate beyond budget period of 3% and a discount rate of 14%. Management determined the budgeted EBITDA based on past performance, its $3m operational cost investment in FY16 and expectations for the future based on geographic expansion plans.

The growth rates used do not exceed long-term average growth rates for the travel industry. The discount rate used reflects externally sourced inputs and specific risks relating to the B2C & B2B travel segment and the countries in which it operates. Reasonably possible changes to these assumptions would not have an impact on the recoverable amount.

12 Trade and other payables

	Consolidated entity At 30 June 2016 $'000	30 June 2015 $'000
Current liabilities		
Trade payables	**125,947**	60,017
Proceeds received in advance - share issue	**3,816**	-
Other payables	**16,299**	13,183
	146,062	73,200

Trade payables are unsecured and are usually paid within 30 days of recognition.

13 Borrowings

	Consolidated entity At					
	30 June 2016			30 June 2015		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Secured						
Bank loans	**31,500**	**-**	**31,500**	-	-	-
Total secured borrowings	**31,500**	**-**	**31,500**	-	-	-
Unsecured						
Bank loan	**6,851**	**17,143**	**23,994**	4,000	21,143	25,143
Total unsecured borrowings	**6,851**	**17,143**	**23,994**	4,000	21,143	25,143
Total borrowings	**38,351**	**17,143**	**55,494**	4,000	21,143	25,143

On 15 June 2016, the Group entered into a short term bank loan amounting to $31,500,000. The proceeds from the loan were used to fund the acquisition of Online Republic. Following the receipt of funds from the retail share placement which settled on 1 July 2016, the loan was repaid.

During the current period, the Group obtained a USD $10,000,000 unsecured working capital facility with HSBC of which as at 30 June 2016, an amount of USD $2,120,000 (AUD equivalent $2,851,000) has been drawn down by the B2B business.

During the prior year, the Group obtained a new unsecured long term bank loan amounting to A$27,150,000. The loan bears interest at variable market rates and is carried at amortised cost over a 3 year maturity. The proceeds from the loan were used to fund the SunHotels acquisition. There are bi-annually scheduled repayments of $2,000,000 due on 15 July 2016 and 13 January 2017.

(i) Compliance with loan covenants

The loan agreement used to fund the SunHotels acquisition enforces the following covenants:
a. Operating leverage ratio must not exceed 2.5:1 to 29 June 2015;
b. Operating leverage ratio must not exceed 2.25:1 for the period 30 June 2015 until 29 June 2016;
c. Operating leverage ratio must exceed 2:1 from 30 June 2016;
d. Interest cover ratio must not be lower than 4:1 for the term of the loan.

Webjet Limited has complied with the financial covenants of its borrowing facilities during the 2016 and 2015 reporting periods.

14 Provisions

		Consolidated entity At					
		30 June 2016			30 June 2015		
	Notes	**Current $'000**	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Employee benefits (i)		**2,455**	**546**	**3,001**	1,785	29	1,814
Gift vouchers (i)		**1,610**	**-**	**1,610**	2,136	-	2,136
Make good provision (i)		**-**	**328**	**328**	-	326	326
Other provisions		**854**	**-**	**854**	180	-	180
		4,919	**874**	**5,793**	4,101	355	4,456

(i) Information about individual provisions and significant estimates

Employee benefits

The current provision for employee benefits for the Consolidated Entity includes $157,228 of vested long service leave entitlements accrued but not expected to be taken within 12 months.

Gift vouchers

The Consolidated Entity provides for the value of gift vouchers sold or issued to customers but not yet redeemed or expired.

Make good provision

The Consolidated Entity is required to restore the leased office premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets.

(ii) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

Consolidated entity 2016	**Gift vouchers provision $'000**	**Make good provision $'000**	**Other $'000**	**Total $'000**
Carrying amount at the start of the year	2,136	326	180	2,642
- additional provisions recognised	4,061	-	-	4,061
Charged/(credited) to profit or loss	(4,587)	-	(110)	(4,697)
Acquired through business combination	-	-	784	784
Foreign exchange differences	-	2	-	2
Carrying amount at end of period	1,610	328	854	2,792

14 Provisions (continued)

Consolidated entity 2015	**Gift vouchers provision $'000**	**Make good provision $'000**	**Other $'000**	**Total $'000**
Carrying amount at the start of the year	774	323	145	1,242
- additional provisions recognised	1,643	3	35	1,681
Charged/(credited) to profit or loss	(281)	-	-	(281)
Carrying amount at end of period	2,136	326	180	2,642

15 Other liabilities

	Consolidated entity At 30 June 2016			30 June 2015		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Deferred revenue	**3,038**	**7,124**	**10,162**	1,875	8,834	10,709
Lease incentive liability	**243**	**-**	**243**	339	-	339
	3,281	**7,124**	**10,405**	2,214	8,834	11,048

Deferred revenue relates to amounts received but not yet deemed to be earned, this includes amounts received for promotional activities that have not yet taken place and other long term supplier agreements.

16 Equity

(a) Share capital

	Notes	**30 June 2016 Shares**	30 June 2015 Shares	**30 June 2016 $'000**	30 June 2015 $'000
Ordinary shares					
Ordinary shares - fully paid	16(a)(i)	**91,554,902**	80,397,959	**101,690**	42,779
Total share capital		**91,554,902**	80,397,959	**101,690**	42,779

(i) Movements in ordinary share:

Details	**Notes**	**Number of shares (thousands)**	**$'000**
Opening balance 1 July 2014		79,398	40,179
Exercise of options - Proceeds received	16(a)(ii)	1,000	2,600
Balance 30 June 2015		80,398	42,779

16 Equity (continued)

(a) Share capital (continued)

Details	Notes	Number of shares (thousands)	$'000
Opening balance 1 July 2015		80,398	42,779
Transfer from share based payment reserve		-	420
Exercise of options - Proceeds received	16(a)(ii)	1,000	3,040
Acquisition of subsidiary	28	2,756	15,437
Rights issue	16(a)(iii)	7,401	41,445
Less: Transaction costs arising on share issue		-	(1,871)
Deferred tax credit recognised directly in equity		-	440
Balance 30 June 2016		91,555	101,690

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Share options granted under the employee share option plan carry no rights to dividends and no voting rights. Further details of the employee share option plan are contained in Note 26 to the financial statements.

(ii) Options

Information relating to the Employee Share Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 26.

(iii) Rights issue

On 6 June 2016 the Company invited its shareholders to subscribe to a rights issue of 12,944,625 ordinary shares at an issue price of $5.60 per share on the basis of 1 share for every 6.25 fully or partly paid ordinary shares held, with such shares to be issued on, and rank for dividends after, 16 June 2016 for institutional investors and 1 July 2016 for retail investors. The issue was fully subscribed.

As at 30 June 2016, only the institutional shares were allotted representing 7,400,947 issued shares. On 1 July 2016, a further 5,543,678 shares were issued to retail and shortfall institutional investors.

(iv) Acquisition of subsidiary

The Group issued 2,756,006 ordinary shares at value of $6.21 per share to the former shareholders of Online Republic Group as part of the consideration paid to acquire the business. Refer to Note 28(a) for further details.

(b) Other reserves

The following table shows a breakdown of the balance sheet line item 'other reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

	Consolidated entity At	
	30 June 2016 $'000	30 June 2015 $'000
Available-for-sale financial assets	**55**	55
Cash flow hedges	**(1,154)**	15
Share-based payments	**560**	862
Foreign currency translation	**5,307**	4,738
	4,768	5,670

16 Equity (continued)

(b) Other reserves (continued)

(i) Nature and purpose of other reserves

Available-for-sale financial assets

Changes in the fair value and exchange differences arising on translation of investments that are classified as available-for-sale financial assets (eg equities), are recognised in other comprehensive income and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

Cash flow hedges

The hedging reserve is used to record gains or losses on derivatives that are designated and qualify as cash flow hedges and that are recognised in other comprehensive income, as described in note 1(m). Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

Share-based payments

The equity-settled employee benefits reserve arises on the grant of share options to directors and executives under various share option scheme. Amounts are transferred out of the reserve and into issued capital when the options are exercised.

Foreign currency translation

Exchange differences relating to the translation of the net assets of the Consolidated Entity's foreign operations from their functional currencies to the Consolidated Entity's presentation currency (i.e. Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating the net assets of foreign operations) are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

		Consolidated entity At	
	Notes	**30 June 2016 $'000**	30 June 2015 $'000
Movements:			
Cash flow hedges			
Opening balance		**15**	-
Forward FX contracts		**(647)**	309
Cross currency interest rate swap - net investment hedge		**(522)**	(294)
Balance 30 June		**(1,154)**	15
Share-based payments			
Opening balance		**862**	748
Option expense	26	**118**	114
Transfer to issue capital		**(420)**	-
Balance at end of financial year		**560**	862
Foreign currency translation			
Opening balance		**4,738**	1,015
Currency translation differences arising during the year		**569**	3,723
Balance 30 June		**5,307**	4,738

16 Equity (continued)

(c) Retained earnings

Movements in retained earnings were as follows:

	Notes	Consolidated entity At 30 June 2016 $'000	30 June 2015 $'000
Balance 1 July		**34,005**	27,286
Net profit for the period		**22,218**	17,500
Dividends	18	**(11,120)**	(10,781)
Balance 30 June		**45,103**	34,005

17 Earnings per share

(a) Basic earnings per share

	Consolidated entity Year ended 30 June 2016 Cents	30 June 2015 Cents
From continuing operations attributable to the ordinary equity holders of the company	**27.36**	21.95
Total basic earnings per share attributable to the ordinary equity holders of the Company	**27.36**	21.95

(b) Diluted earnings per share

	Consolidated entity Year ended 30 June 2016 Cents	30 June 2015 Cents
From continuing operations attributable to the ordinary equity holders of the company	**26.94**	21.93
Total diluted earnings per share attributable to the ordinary equity holders of the Company	**26.94**	21.93

17 Earnings per share (continued)

(c) Reconciliation of earnings used in calculating earnings per share

	Consolidated entity Year ended 30 June 2016 $'000	30 June 2015 $'000
Basic earnings per share		
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:		
From continuing operations	**22,218**	17,500
Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the Company		
Used in calculating basic earnings per share	**22,218**	17,500

(d) Weighted average number of shares used as the denominator

	Consolidated entity Year ended 2016 Number	2015 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**81,219,379**	79,743,164
Adjustments for calculation of diluted earnings per share:		
Employee options	**1,248,729**	56,000
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**82,468,108**	79,799,164

(e) Information concerning the classification of securities

(i) Options

Options granted to the Managing Director under the Employee Share Option Plan are considered to be potential ordinary shares. They have been included in the determination of diluted earnings per share if the required hurdles would have been met based on the company's performance up to the reporting date, and to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share.

18 Dividends

(a) Ordinary shares

	Consolidated entity Year ended	
	30 June 2016 $'000	30 June 2015 $'000
Recognised amounts		
Final dividend for the prior year	**5,865**	5,756
Interim dividend for current year	**5,255**	5,025
Total dividends paid	**11,120**	10,781

Final dividend for the year ended 30 June 2015 of 7.25 cents (2014: 7.25 cents) per fully paid share paid on 15 October 2015 (2014: 15 October 2014). An interim dividend for the year ended 30 June 2016 of 6.5 cents (2015: 7.25 cents) per fully paid ordinary share was paid on 14 April 2016 (2015: 15 April 2015)

(ii) Dividends not recognised at the end of the reporting period

In addition to the above dividends, since period end the Directors have recommended the payment of a final dividend of 8.0 cents per fully paid ordinary share (2015: 7.25 cents) fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 13 October 2016 out of retained earnings at 30 June 2016, but not recognised as a liability at period end, is $7.77m.

(iii) Franking credits

	Consolidated entity Year ended	
	30 June 2016 $'000	30 June 2015 $'000
Adjusted franking account balance	**3,524**	3,135
Impact on franking account balance of dividends not recognised	**(3,329)**	(2,498)
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2015: 30%)	**195**	637

The balance of the adjusted franking account includes:
(a) franking credits that will arise from the payment of the amount of the provision of income tax
(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

19 Contingent liabilities

At 30 June 2016, the Consolidated Entity had a bank guarantee facility of $14.0m (30 June 2015: $14.0m).

There are no other contingent assets or liabilities requiring disclosure as at the date of this report.

20 Commitments

(a) Non-cancellable operating leases

The Consolidated Entity leases various offices under non-cancellable operating leases expiring within 4 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	Consolidated entity	
	At 30 June 2016 $'000	30 June 2015 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**1,351**	885
Later than one year but not later than five years	**1,558**	1,463
	2,909	2,348

21 Interests in other entities

(a) Material subsidiaries

The Consolidated Entity's principal subsidiaries at 30 June 2016 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Consolidated Entity, and the proportion of ownership interests held equals the voting rights held by the Consolidated Entity. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group 2016 %	2015 %	Principal activities
Webjet Marketing Pty Ltd	Australia	**100.0**	100.0	Online travel booking service
Zuji Pty Limited	Australia	**100.0**	100.0	Online travel booking service
Webjet USA Holdings Inc	United States of America	**100.0**	100.0	Holding Company
Webjet Marketing NZ Pty Limited	New Zealand	**100.0**	100.0	Online travel booking service
Westweb Holdings Limited	British Virgin Islands	**100.0**	100.0	Holding Company
Webjet Singapore Limited	Singapore	**100.0**	100.0	Non-trading Company
Webjet Hong Kong Limited	Hong Kong	**100.0**	100.0	Dormant
Webjet International Limited	Hong Kong	**100.0**	100.0	Holding Company
Zuji Pte Ltd	Singapore	**100.0**	100.0	Holding Company
Zuji Travel Pte Ltd	Singapore	**100.0**	100.0	Online travel booking service
Zuji Limited	Hong Kong	**100.0**	100.0	Online travel booking service
WebBeds Holding Co Limited	Hong Kong	**100.0**	100.0	Holding Company
SunHotels Ltd	United Kingdom	**100.0**	100.0	Online travel booking service
SunHotels AG	Liechtenstein	**100.0**	100.0	Online travel booking service

21 Interests in other entities (continued)

(a) Material subsidiaries (continued)

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group 2016 %	2015 %	Principal activities
SunHotels Mundo	Spain	**100.0**	100.0	Online travel booking service
Zleeping Ltd	United Kingdom	**100.0**	100.0	Online travel booking service
Zleeping AG	Liechtenstein	**100.0**	100.0	Online travel booking service
Fyrkant Ltd	United Kingdom	**100.0**	100.0	Online travel booking service
Busy Bee S.L	Spain	**100.0**	100.0	Online travel booking service
Incoming Ltd	United Kingdom	**100.0**	100.0	Online travel booking service
Eventholiday AG	Liechtenstein	**100.0**	100.0	Online travel booking service
WebBeds FZ LLC	Dubai	**100.0**	100.0	Online travel booking service
WebBeds LLC	United States of America	**100.0**	-	Online travel booking service
SunHotels France	France	**100.0**	-	Online travel booking service
Online Republic Group Limited	New Zealand	**100.0**	-	Holding Company
Online Republic Limited	New Zealand	**100.0**	-	Online travel booking services
Search Republic Limited	New Zealand	**100.0**	-	Online travel booking services
Car Rental Republic Limited	New Zealand	**100.0**	-	Online travel booking services
Motorhome Republic Limited	New Zealand	**100.0**	-	Online travel booking services
NZ Car Rental Republic Limited	New Zealand	**100.0**	-	Online travel booking services
Cruise Republic Limited	New Zealand	**100.0**	-	Online travel booking services
Online Republic Travel Payments Limited	Australia	**100.0**	-	Online travel booking services
Earlybird (Shenzen) Limited	China	**100.0**	-	Online travel bookings

21 Interests in other entities (continued)

(a) Material subsidiaries (continued)

(b) Interests in associates and joint ventures

(i) Individually immaterial associates

The Consolidated Entity has interests in a number of individually immaterial associates that are accounted for using the equity method.

	Consolidated entity Year ended 30 June 2016 $'000	30 June 2015 $'000
Aggregate carrying amount of individually immaterial associates	**88**	104
Aggregate amounts of the Consolidated Entity's share of:		
Profit/(loss) from continuing operations	**(20)**	(106)
Total comprehensive income/(loss)	**(20)**	(106)

22 Deed of cross guarantee

Webjet Limited, Webjet Marketing Pty Ltd and Zuji Pty Limited are parties to a deed of cross guarantee under which each Company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

(a) Consolidated income statement, statement of comprehensive income and summary of movements in consolidated retained earnings

The above companies represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by Webjet Limited, they also represent the 'extended closed group'.

Set out below is a consolidated statement of profit or loss, a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 June 2016 of the closed group consisting of Webjet Limited, Webjet Marketing Pty Ltd and Zuji Pty Limited.

	30 June 2016 $'000	30 June 2015 $'000
Consolidated statement of profit or loss		
Revenue	**69,081**	76,365
Investment income	**1,338**	1,153
Other gains and losses	**1,296**	1,323
Employee benefits expense	**(14,841)**	(15,039)
Depreciation and amortisation expense	**(2,592)**	(2,284)
Marketing expenses	**(23,385)**	(16,118)
Operating costs	**(16,168)**	(14,391)
Option expense	**(118)**	(114)
Technology expenses	**(5,443)**	(5,066)
Administrative expenses	**941**	(1,267)
Directors' fees	**(475)**	(270)
Finance costs	**(659)**	(1,032)
Business acquisition costs	**(247)**	(1,146)
Other expenses	**(3,178)**	(1,655)
Profit before income tax	**5,550**	20,459

22 Deed of cross guarantee (continued)

(a) Consolidated income statement, statement of comprehensive income and summary of movements in consolidated retained earnings (continued)

	30 June 2016 $'000	30 June 2015 $'000
Income tax expense	**(9,215)**	(4,375)
Profit / (loss) for the period	**(3,665)**	16,084

	30 June 2016 $'000	30 June 2015 $'000
Consolidated statement of comprehensive income		
Profit for the period	**(3,665)**	16,084
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**(332)**	-
Other comprehensive income for the period, net of tax	**(332)**	-
Total comprehensive income for the period	**(3,997)**	16,084

	30 June 2016 $'000	30 June 2015 $'000
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	**26,469**	21,166
Profit for the year	**(3,665)**	16,084
Dividends provided for or paid	**(11,120)**	(10,781)
Retained earnings at the end of the financial year	**11,684**	26,469

(b) Consolidated balance sheet

Set out below is a consolidated balance sheet as at 30 June 2016 of the closed group consisting of Webjet Limited, Webjet Marketing Pty Ltd and Zuji Pty Limited.

	30 June 2016 $'000	30 June 2015 $'000
Current assets		
Cash and cash equivalents	**55,513**	55,815
Trade and other receivables	**6,058**	14,794
Other assets	**2,919**	2,149
Total current assets	**64,490**	72,758

22 Deed of cross guarantee (continued)

(b) Consolidated balance sheet (continued)

	30 June 2016 $'000	30 June 2015 $'000
Non-current assets		
Investments in associates	**44,013**	44,013
Other financial assets	**255**	255
Property, plant and equipment	**2,261**	2,485
Deferred tax assets	**3,018**	3,021
Intangible assets	**29,529**	28,484
Loans to subsidiaries	**82,278**	-
Total non-current assets	**161,354**	78,258
Total assets	**225,844**	151,016
Current liabilities		
Trade and other payables	**46,766**	47,386
Borrowings	**35,500**	4,000
Current tax liabilities	**4,701**	1,610
Provision	**2,448**	3,104
Other liabilities	**243**	678
Total current liabilities	**89,658**	56,778
Non-current liabilities		
Borrowings	**17,143**	21,143
Deferred tax liabilities	**2,907**	1,639
Provisions	**746**	228
Derivative financial instruments	**1,021**	466
Other liabilities	**867**	893
Total non-current liabilities	**22,684**	24,369
Total liabilities	**112,342**	81,147
Net assets	**113,502**	69,869
Equity		
Issued capital	**101,271**	42,779
Reserves	**547**	623
Retained earnings	**11,684**	26,467
Total equity	**113,502**	69,869

23 Cash and cash equivalents

	Consolidated entity At 30 June 2016 $'000	30 June 2015 $'000
Current assets		
Cash and cash equivalents	**116,215**	76,230

(i) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	Consolidated entity At 30 June 2016 $'000	30 June 2015 $'000
Balances as above	**116,215**	76,230

24 Cash flow information

(a) Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated entity Year ended 30 June 2016 $'000	30 June 2015 $'000
Profit for the period	**22,218**	17,500
Adjustment for		
Depreciation and amortisation	**6,023**	4,709
Option expense	**118**	114
Share of profits of associates and joint venture	**20**	106
Unrealised gain on derivatives	**(140)**	-
Net exchange differences	**(130)**	-
Change in operating assets and liabilities:		
(Increase) in trade debtors and other receivables	**(12,791)**	10,024
Decrease/(Increase) in derivative financial assets	**647**	-
(Increase) decrease in other current assets	**(1,609)**	4,228
(Increase) decrease in deferred taxes	**1,102**	(602)
(Decrease) increase in trade payables and accruals	**35,803**	15,625
(Decrease) increase in other provisions	**1,337**	1,617
(Decrease) increase in income taxes payable	**1,262**	4,162
(Decrease) increase in other liabilities	**(7,236)**	(22,054)
Net cash inflow (outflow) from operating activities	**46,624**	35,429

25 Financial risk management

The group's risk management is based on policies approved by the Board of Directors. Group finance identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate and the use of derivative financial instruments.

25 Financial risk management (continued)

(a) Capital risk management

The Consolidated Entity has a capital risk and investment policy to provide guidance for its capital requirements. The policy is reviewed annually to take into consideration the Consolidated Entity's changing risk and short and long term funding needs. The Consolidated Entity's debt and capital includes ordinary share capital, and financial liabilities supported by financial assets. The Consolidated Entity has significant cash reserves and the investment policy ensures that the organisation maximises its return from funds invested whilst adopting a very conservative approach to risk and also ensuring sufficient working capital is maintained.

	Consolidated entity At	
	30 June 2016 $'000	30 June 2015 $'000
Financial assets		
Loans and receivables	**80,111**	34,764
Cash and cash equivalents	**116,215**	76,230
Available for sale financial assets	**255**	265
Derivatives	**-**	309
Financial liabilities		
Amortised Cost	**201,552**	98,342
Derivatives	**1,359**	466

(b) Derivatives

The Consolidated Entity enters into derivative transactions in the normal course of business to hedge exposure to fluctuations in interest and foreign exchange rates in accordance with the Group's financial risk management policies. The Consolidated Entity has the following derivative financial instruments:

	Consolidated entity At	
	30 June 2016 $'000	30 June 2015 $'000
Current assets		
Forward foreign exchange contracts - cash flow hedges	**-**	309
Current liabilities		
Forward foreign exchange contracts - cash flow hedges	**338**	-
Total current derivative financial instrument liabilities	**338**	-
Non-current liabilities		
Cross currency interest rate swap - net investment hedge	**1,021**	466

(i) Classification of derivatives

Derivatives are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.

25 Financial risk management (continued)

(b) Derivatives (continued)

(ii) Cross currency interest rate swap contract - net investment hedge

Webjet Limited entered into a cross currency interest rate swap on 24 September 2014. This derivative is applied as a hedge against the translated net assets of the Sunhotels investment. The cross currency interest rate swap is carried at fair value in the consolidated financial statements of Webjet Limited with gains and losses recognised in equity to the extent the hedge is effective. Any hedge ineffectiveness is recognised in profit and loss.

(iii) Forward exchange contracts

Foreign exchange contracts were entered into manage foreign exchange rate risk on net working capital exposures relating to the Sunhotels and Lotsofhotels group. These contracts are fair valued by comparing the contracted rate to the current market rate for a contract with the same remaining period to maturity. Any changes in fair values are recognised in hedge reserves. During the current period there was a net loss from decreases in fair value of $647,039 (2015: net gain of $309,142).

(c) Market risk

(i) Foreign exchange risk

The Consolidated Entity's risk management policy is to hedge between 75% and 85% of anticipated cash flows for the subsequent six months for the B2B operating segment. The B2B operating segment are required to hedge their foreign exchange risk exposure using forward contracts.

Instruments used by the group

The B2B operations offer customers to purchase hotel bookings and payments are made to suppliers in various currencies, including Euro, Norwegian Krona, Swedish Krona, British Pound and United States Dollar. Given the significant foreign exchange exposures arising from the B2B operations, the group has entered into forward exchange contracts for material currency pair exposures to hedge against currency fluctuation. These foreign currency contracts are hedging highly probable forecast bookings, adjusted to account for current cancellation rates, of which have check-in dates within 3-12 months after booking date.

Hedge of net investment in foreign entity

In 2015, the parent entity has entered into a cross currency interest rate swap to hedge the amount of translated net assets of the Sunhotels group to the Australian Dollar. This instrument, which was taken out to purchase Sunhotels has been designated as a hedge of the net investment. The fair value and carrying amount of the financial liability at 30 June 2016 was $1,020,816. The foreign exchange loss of $521,850 (2015: $293,947) on translation of net assets of Sunhotels to Australian Dollars at the end of the reporting period is recognised in other comprehensive income and accumulated in the hedge reserve (refer to Note 16(b)). The ineffective portion of the hedge amounting to $139,924 (2015: ($172,272)) has been recognised in the profit and loss for the period.

Exposure

The Consolidated Entity's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollar, was as follows:

Consolidated entity	**USD $'000**	**HKD $'000**	**EUR $'000**	**NZD $'000**	**SGD $'000**	**AED $'000**	**Other $'000**
2016							
Cash and cash equivalents	**15,113**	**5,234**	**8,814**	**12,179**	**1,628**	**3,239**	**6,949**
Trade receivables	**20,458**	**-**	**18,064**	**26,640**	**-**	**-**	**8,307**
Trade payables	**(10,010)**	**(1,504)**	**(27,447)**	**(35,883)**	**(1,225)**	**(6,121)**	**(5,640)**
Total	**25,561**	**3,730**	**(569)**	**2,936**	**403**	**(2,882)**	**9,616**

25 Financial risk management (continued)

(c) Market risk (continued)

Consolidated entity	USD $'000	HKD $'000	EUR $'000	NZD $'000	SGD $'000	AED $'000	Other $'000
2015							
Cash and cash equivalents	4,575	5,206	4,455	2,910	2,010	37	3,885
Trade receivables	13,476	521	11,201	37	143	-	3,475
Trade payables	(4,109)	(1,912)	(21,913)	-	(2,067)	(3,402)	(1,569)
Total	**13,942**	**3,815**	**(6,257)**	**2,947**	**86**	**(3,365)**	**5,791**

Sensitivity

The following tables details the Consolidated Entity's sensitivity to a 10% increase and decrease in the Australian Dollar against the relevant currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in the foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the Australian dollar strengthens 10% against the relevant currency. For a10% weakening of the Australian dollar against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances would be negative.

Consolidated entity	Impact on post-tax profit		Impact on other components of equity	
Index	**2016 $'000**	2015 $'000	**2016 $'000**	2015 $'000
USD/AUD exchange rate - increase 10% (2015: 10%)	**2,556**	1,394	**-**	-
USD/AUD exchange rate - decrease 10% (2015: 10%)	**(2,556)**	(1,394)	**-**	-
SGD/AUD exchange rate - increase 10% (2015: 10%)	**40**	9	**-**	-
SGD/AUD exchange rate - decrease 10% (2015: 10%)	**(40)**	(9)	**-**	-
HKD/AUD exchange rate - increase 10% (2015: 10%)	**373**	381	**-**	-
HKD/AUD exchange rate - decrease 10% (2015: 10%)	**(373)**	(381)	**-**	-
AED/AUD exchange rate - increase 10% (2015: 10%)	**(288)**	(336)	**-**	-
AED/AUD exchange rate - decrease 10% (2015: 10%)	**288**	336	**-**	-
EUR/AUD exchange rate - increase 10% (2015: 10%)	**(57)**	(626)	**-**	-
EUR/AUD exchange rate - decrease 10% (2015: 10%)	**57**	626	**-**	-
Other/AUD exchange rate - increase 10% (2015: 10%)	**962**	874	**-**	-
Other/AUD exchange rate - decrease 10% (2015: 10%)	**(962)**	(874)	**-**	-
NZD/AUD exchange rate - increase 10% (2015: 10%)	**294**	295	**-**	-
NZD/AUD exchange rate - decrease 10% (2015: 10%)	**(294)**	(295)	**-**	-

25 Financial risk management (continued)

(c) Market risk (continued)

(ii) Cash flow and fair value interest rate risk

The Consolidated Entity does not hedge its exposure to interest rate movements and does not invest in fixed interest financial instruments. As at 30 June 2016 the Consolidated Entity had $116,214,829 (2015: $76,229,518) in cash and cash equivalents. The average interest rate on all deposits was 1.0% (2015: 3.22%).

Sensitivity

Consolidated entity	**Impact on post-tax profit**		**Impact on other components of equity**	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
Interest rates - increase by 50 basis points (2015: 100 bps)	**371**	324	**-**	-
Interest rates - decrease by 50 basis points (2015: 100 bps)	**(371)**	(324)	**-**	-

(d) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity has adopted a policy of only dealing with parties considered to be creditworthy. The Consolidated Entity does not require collateral in respect of financial assets. The Consolidated Entity's exposure and the credit rating of its counterparties are continuously monitored. Credit risk is measured on a fair value basis.

The majority of the trade receivables are with debtors that operate in the travel industry and therefore is not considered to be any material concentration of credit risk within the Consolidated Entity.

The carrying amount of financial assets in the financial statements, net of any impairment losses and provision, represents the Consolidated Entity's maximum exposure to credit risk.

(e) Liquidity risk

The Consolidated Entity manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring the forecast and actual cashflows and matching the maturity profile of financial assets and liabilities.

(i) Financing arrangements

The Consolidated Entity had access to the following undrawn borrowing facilities at the end of the reporting period:

	Consolidated entity Year ended	
	30 June 2016 $'000	30 June 2015 $'000
Floating rate		
- Expiring within one year	**10,598**	-

As at reporting date, the Group had drawn down USD $2,120,000 (A$ 2,185,000) of the USD $10,000,000 HSBC working capital facility, of which the remainder represents the undrawn portion as at 30 June 2016.

(ii) Maturities of financial liabilities

The tables below analyse the Consolidated Entity's financial liabilities into relevant maturity groupings based on their contractual maturities for:

25 Financial risk management (continued)

(e) Liquidity risk (continued)

(a) all non-derivative financial liabilities, and
(b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

Contractual maturities of financial liabilities At 30 June 2016	Less than 6 months $'000	6 - 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount (assets)/ liabilities $'000
Non-derivatives							
Trade payables	**146,058**	**-**	**-**	**-**	**-**	**146,058**	**146,058**
Borrowings (excluding finance leases)	**36,812**	**2,422**	**17,320**	**-**	**-**	**56,554**	**55,494**
Total non-derivatives	**182,870**	**2,422**	**17,320**	**-**	**-**	**202,612**	**201,552**
Derivatives							
Trading derivatives	**338**	**-**	**-**	**-**	**-**	**338**	**338**
	338	**-**	**-**	**-**	**-**	**338**	**338**

Contractual maturities of financial liabilities At 30 June 2015	Less than 6 months $'000	6 - 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount (assets)/ liabilities $'000
Non-derivatives							
Trade payables	73,196	-	-	-	-	73,199	73,199
Borrowings (excluding finance leases)	2,511	2,941	4,883	17,320	-	27,655	25,143
Total non-derivatives	75,707	2,941	4,883	17,320	-	100,854	98,342
Derivatives							
	-	-	-	-	-	-	-

(f) Fair value measurement

The Consolidated Entity measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets at fair value through profit or loss (FVTPL)
- Derivative financial instruments

Assets classified as available-for-sale are measured at fair value on a non-recurring basis.

(ii) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

25 Financial risk management (continued)

(f) Fair value measurement (continued)

Consolidated entity - at 30 June 2016	**Notes**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets					
Total financial assets		**-**	**-**	**-**	**-**
Financial Liabilities					
Derivatives used for hedging - foreign exchange contracts	25(b)	**-**	**338**	**-**	**338**
Derivatives used for hedging - cross currency interest rate swap	25(b)	**-**	**1,021**	**-**	**1,021**
Total financial liabilities		**-**	**1,359**	**-**	**1,359**

Consolidated entity - at 30 June 2015	**Notes**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets					
Derivatives used for hedging					
Foreign exchange contracts	25(b)	-	309	-	309
Total financial assets		-	309	-	309
Financial Liabilities					
Derivatives used for hedging - cross currency interest rate swap	25(b)	-	466	-	466
Total financial liabilities		-	466	-	466

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

The group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Consolidated Entity is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Disclosed fair values

The group also has a number of assets and liabilities which are not measured at fair value, but for which fair values are disclosed in the notes.

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature.

The carrying amount of the borrowings is assumed to approximate fair value as borrowings disclosed in Note 13 are variable rate loans.

25 Financial risk management (continued)

(f) Fair value measurement (continued)

(iii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

26 Share-based payments

(a) Employee Share Option Plan

The following executive share-based payment arrangements were in existence during the current and comparative reporting periods:

Option series	Number	Grant date	Expiry date	Exercise price^	Fair value at grant date
John Guscic - Tranche 1(a)	500,000	19/10/2011	30/06/2015	$2.60	$0.22
John Guscic - Tranche 1(b)	500,000	19/10/2011	30/06/2015	$2.60	$0.22
John Guscic - Tranche 2(a)	500,000	19/10/2011	30/06/2016	$3.10	$0.20
John Guscic - Tranche 2(b)	500,000	19/10/2011	30/06/2016	$2.98	$0.20
John Guscic - Tranche 3(a)	500,000	19/10/2011	30/06/2017	$3.80	$0.22
John Guscic - Tranche 3(b)	500,000	19/10/2011	30/06/2017	$3.68	$0.22
John Guscic - Tranche 1(c)	1,000,000	13/11/2013	30/06/2018	$4.88	$0.14
John Guscic - Tranche 2(c)	1,000,000	13/11/2013	30/06/2019	$5.38	$0.16
John Guscic - Tranche 3(c)	1,000,000	13/11/2013	30/06/2020	$5.88	$0.21

^ The exercise price for Tranches 2(b), 3(b), and 1-3(c) reflect the adjusted exercise price as a result of the rights issue on 6 June 2016.

a) Tranche 1 – Vested on 1/09/2012 upon remaining in employment as at 30 June 2012
Tranche 2 – Vested on 1/09/2013 as a result of the Company achieving the board determined budget for 2013
Tranche 3 – Did not vest on 1/09/2014 as the Company did not achieve board determined budget for 2014
b) Tranche 1 – Vested on 1/09/2012 upon remaining in employment as at 30 June 2012
Tranche 2 – Vested on 1/09/2013 as a result of remaining in employment at 30 June 2013
Tranche 3 – Vested on 1/09/2014 as a result of remaining in employment at 30 June 2014
c) Tranche 1 – Vested on 30/06/2015 as a result of remaining in employment at 30 June 2015
Tranche 2 – Vested on 30/06/2016 as a result of remaining in employment at 30 June 2016
Tranche 3 – Vests on 30/06/2017 if remains in employment at 30 June 2017

	2016		2015	
Consolidated entity	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance at beginning of financial year	**4,500,000**	**4.67**	6,000,000	4.33
Granted during the financial year	**-**	**-**	-	-
Forfeited during the financial year	**-**	**-**	(500,000)	3.80
Exercised during the financial year (i)	**(1,000,000)**	**3.04**	(1,000,000)	2.60
Expired during the financial year	**-**	**-**	-	-
Balance at end of financial year (ii)	**3,500,000**	**5.14**	4,500,000	4.78
Exercisable at end of financial year	**2,500,000**	**4.84**	2,500,000	3.33

26 Share-based payments (continued)

(a) Employee Share Option Plan (continued)

As at 30 June 2016, the exercise price on outstanding options range from $3.68 to $5.88.

(i) Exercised during the financial year

* 500,000 options granted to John Guscic under Tranche 2(b) have been exercised on 9 June 2016 at an exercise price of $2.98. The share price at date of exercise was $7.23. The value of the options exercised by John Guscic was $1,490,000.

** 500,000 options granted to John Guscic under Tranche 2(a) have been exercised on 28 August 2015 at an exercise price of $3.10. The share price at date of exercise was $3.44. The value of the options exercised by John Guscic was $1,550,000.

(ii) Balance at end of the financial year

The share options outstanding at the end of the financial year had an weighted average exercise price of $5.14 (2015: $4.78) and a weighted average remaining contractual life of 3.7 years (2015: 3.1 years).

27 Related party transactions

(a) Subsidiaries

Interests in subsidiaries are set out in note 21(a).

(b) Key management personnel compensation

	Consolidated entity Year ended	
	30 June 2016 $	30 June 2015 $
Short-term employee benefits	**3,433,880**	2,678,690
Post-employment benefits	**203,682**	129,046
Share-based payments	**118,150**	114,390
	3,755,712	2,922,126

Detailed remuneration disclosures are provided in the Corporate Governance Report and Remuneration Report.

(c) Transactions with other related parties

Minter Ellison Lawyers of which Don Clarke is a consultant was paid a total of $805,526 (2015: $564,645) during the year. As at 30 June 2016, invoices totalling $415,736 were outstanding, but not yet due (2015: nil).

PT. AbdiTeknologiInformasi (ATI) of which Brad Holman is a director was paid a total of $86,014 (2015: $94,904) during the year.

APD Acquire Pty Ltd, a subsidiary of Asia Pacific Digital Limited of which Roger Sharp is a director was paid a total of $50,031 (2015: $76,130) during the year.

All transactions were conducted on a commercial arm's length basis and charged accordingly.

27 Related party transactions (continued)

(d) Loans to/from related parties

	Consolidated entity At 30 June 2016 $	30 June 2015 $
Loans to key management personnel		
Beginning of the year	**-**	-
Loans advanced	**1,500,000**	-
Loans repayments received	**(68,750)**	-
Interest charged	**68,658**	-
Interest received	**-**	-
End of year	**1,499,908**	-

The Board approved to provide John Guscic with a limited recourse loan of $1,500,000, at a commercial interest rate and secured against the resulting shares, with the condition that the loan was used to exercise vested options. As at 30 June 2016, the loan was classified as other non-current assets in the consolidated balance sheet.

28 Business combination

(a) Acquisition of Online Republic

(ii) Summary of acquisition

On 1 June 2016 the Group acquired 100% of the issued share capital of the following entities comprising the Online Republic Group:
- Online Republic Limited
- NZ Car Rental Republic Limited
- MotorHome Republic Limited
- Car Rental Republic Limited
- Search Republic Limited
- Cruise Republic Limited
- Earlybird (Shenzhen) Limited
- Online Republic Domains Limited
- Online Republic Travel Payments Pty Limited

28 Business combination (continued)

(ii) Summary of acquisition (continued)

Established in 2004, Online Republic is a market leading global online e-commerce group based in New Zealand with annual TTV in excess of NZ$200m. It specialises in online bookings of rental cars, motorhomes and cruises, together with an internally-developed search engine optimisation and digital marketing business. Online Republic has market leading positions in each of its core segments, with a #1 position globally in online motorhome rental bookings, a #1 position across Australia and New Zealand for online cruise bookings, and #2 for online car rental bookings across Australia and New Zealand. Webjet considers the Online Republic business to be highly complementary to its existing portfolio, levering core capabilities into the attractive online car rental, motorhome and cruise segments.

Goodwill has arisen from synergies expected to be achieved from the acquisition which include Online Republic's customer and affiliate relationships, and a trained and assembled workforce which does not meet the definition of a separately identifable intangible asset.

None of the goodwill is expected to be deductible for tax purposes. As at the date of this report, the provisional goodwill balance is $49,718,000.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	$'000
Purchase consideration (refer to (c) below):	
Cash paid	**61,933**
Ordinary share issued	**15,439**
Purchase price adjustment - working capital	**5,301**
Total purchase consideration	**82,673**

The equity portion of the purchase consideration comprises 2,756,006 ordinary shares in Webjet Limited at the closing bid price on the Australian Securities Exchange on acquisition date of $6.62 per share, adjusted for a fair value liquidity discount of $2.8m. This liquidity discount was calculated as 16.6% of the market value of 2,544,421 shares required to remain in escrow for a period of 15 months after the completion date.

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value $'000
Cash	**8,716**
Trade receivables	**25,831**
Client deposits	**6,727**
Current tax asset	**1,212**
Plant and equipment	**462**
Investments	**128**
Intangible assets	**28,576**
Other assets	**1,136**
Trade payables	**(2,485)**
Client creditors	**(30,757)**
Other liabilities	**(6,071)**
Non-current liabilities	**(520)**
Net identifiable assets acquired (iv)	**32,955**
Add: goodwill	**49,718**
Net assets acquired	**82,673**

28 Business combination (continued)

(ii) Summary of acquisition (continued)

(i) Acquired receivables

Identifiable assets acquired include trade receivables with a gross contractual and fair value of $25,830,822. All amount are expected to be collected.

(ii) Revenue and profit contribution

The acquired business contributed revenues of $2,110,351 and net profit of $665,954 to the Consolidated Entity for the period 1 June 2016 to 30 June 2016.

If the acquisition had occurred on 1 July 2015, estimated revenue and profit for the year ended 30 June 2016 contributed by Online Republic Group would have been $22,610,353 and $6,034,948 respectively.

(iii) Purchase price adjustment

The purchase price of $82,673,003 was subject to an agreed surplus cash net working capital calculation. According to this calculation, the purchase price and working capital was increased by $5,301,020.

(iv) Provisional accounting

At the time the financial statements were authorised for issue, the Group had not yet completed the accounting for the acquisition of Online Republic Group, accordingly the Group has applied provisional accounting in the determination of the fair value of assets and liabilities acquired.

(c) Purchase consideration - cash outflow

	30 June 2016 $'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	**61,933**
Working capital adjustment	**5,301**
	67,234
Less: balances acquired	
Cash	**8,716**
Net outflow of cash - investing activities	**58,518**

Acquisition-related costs

Acquisition-related costs of $246,610 that were not directly attributable to the issue of shares are included in other expenses in profit or loss and in operating cash flows in the statement of cash flows.

29 Parent entity financial information

(a) Summary financial information

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

	30 June 2016 $'000	30 June 2015 $'000
Balance sheet		
Current assets	**-**	11,603
Non-current assets	**163,295**	77,868
Total assets	**163,295**	89,471
Current liabilities	**35,412**	13,814
Non-current liabilities	**20,676**	27,127
Total liabilities	**56,088**	40,941
Shareholders' equity		
Issued capital	**101,271**	42,779
Retained earnings	**5,119**	5,129
	106,390	47,908
Profit or loss for the period	**11,114**	15,653
Total comprehensive income	**-**	-
Total comprehensive income	**11,114**	15,653

(b) Guarantees entered into by the parent entity

The Parent entity, along with other associated subsidiaries, have collectively given financial guarantee for unsecured banking facilities granted to the Group amounting to AUD $14,000,000 as disclosed in note 19.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2016 or 30 June 2015. For information about guarantees given by the parent entity, please see above.

(d) Determining the parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Webjet Limited. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

30 Events occurring after the reporting period

(a) Other events

A final dividend of $0.08 per share, fully franked to 100% has been declared by the directors for payment on 13 October 2016 totalling $7.77 million.

The retail component of the entitlement offer comprised the issue of 5.54 million new Webjet Limited shares at $5.60 per share. This was completed on 1 July 2016 and the NAB short term funding arrangement was repaid in full on 4 July 2016.

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Company in future financial years.

31 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

(a) BDO Audit (SA) Pty Ltd

(i) Audit and other assurance services

	Consolidated entity Year ended 2016 $	2015 $
Audit and other assurance services		
Audit and review of financial statements	**233,500**	174,000
Other services		
Preparation of subsidiary financial reports	**4,500**	2,500
Total remuneration of BDO Audit (SA) Pty Ltd	**238,000**	176,500

(b) Network firms of BDO Audit (SA) Pty Ltd

(i) Audit and other assurance services

	2016 $	2015 $
Audit and review of financial statements	**247,790**	198,000

(ii) Other services

	2016 $	2015 $
Other services		
Preparation of subsidiary financial reports	**14,243**	12,291
Advisory services	**47,518**	-
Total remuneration for other services	**61,761**	12,291
Total remuneration of network firms of BDO Audit (SA) Pty Ltd	**309,551**	210,291
Total auditors' remuneration	**547,551**	386,791

31 Remuneration of auditors (continued)

It is the Consolidated Entity's policy to employ BDO Audit (SA) Pty Ltd on assignments additional to their statutory audit duties where BDO Audit (SA) Pty Ltd's expertise and experience with the Consolidated Entity are important. These assignments are principally due diligence reporting on acquisitions, or where BDO Audit (SA) Pty Ltd is awarded assignments on a competitive basis. It is the Consolidated Entity's policy to seek competitive tenders for all major consulting projects.

In the Directors' opinion:

(a) the financial statements and notes set out on pages 48 to 112 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date, 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, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 22 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 22.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

Melbourne

17 August 2016

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WEBJET LIMITED

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Webjet Limited, which comprises the consolidated balance sheet as at 30 June 2016, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Stat*ements, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We 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.

Opinion

In our opinion:

(a) the financial report of Webjet Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in pages 9 to 30 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Webjet Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

BDO

BDO Audit (SA) Pty Ltd

Michael Haydon
Director

Adelaide, 17 August 2016

The shareholder information set out below was applicable as at 30 June 2016.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding	Class of equity security Ordinary shares Shares	Options
1 - 1000	1,825	-
1,001 - 5,000	1,931	-
5,001 - 10,000	453	-
10,001 - 100,000	371	-
100,001 and over	50	1
	4,630	1

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary shares Number held	Percentage of issued shares
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	16,094,623	17.58
J P MORGAN NOMINEES AUSTRALIA LIMITED	12,592,702	13.75
NATIONAL NOMINEES LIMITED	9,401,720	10.27
CITICORP NOMINEES PTY LIMITED	7,271,202	7.94
BNP PARIBAS NOMS PTY LTD <DRP>	4,413,348	4.82
MR STEVEN SCHEUER <NO 1 ACCOUNT>	3,064,745	3.35
JAYELLE SUPER PTY LTD <JOHN LEMISH SUPER FUND A/C>	2,110,000	2.30
MICROEQUITIES ASSET MANAGEMENT PTY LTD <NANOCAP NO 6 A/C>	1,810,744	1.98
UBS NOMINEES PTY LTD	1,704,529	1.86
RBC INVESTOR SERVICES AUSTRALIA PTY LIMITED <VFA A/C>	1,237,958	1.35
MICHAEL BALLANTYNE + JENNIFER BALLANTYNE + HARBOUR TRUSTEE SERVICES (BALLANTYNE) LTD <JAMES FAMILY A/C>	1,205,685	1.32
MR STEVEN SCHEUER <NO 2 ACCOUNT>	1,135,717	1.24
MS KING-ENG TAN	1,053,400	1.15
MR JOHN LEMISH	900,000	0.98
MR CHRIS CARR + MRS BETSY CARR	800,000	0.87
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	782,198	0.85
MR IAN STANLEY BOOTES + MRS KYLIE BOOTES	748,750	0.82
MR JOHN GUSCIC	537,500	0.59
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	501,088	0.55
UBS NOMINEES PTY LTD	500,000	0.55
	67,865,909	74.12

C. Substantial holders

Substantial holders in the company are set out below:

	Number held	Percentage
Thorney Investments	6,102,704	6.70%
Mr Steven Scheuer	4,476,254	4.90%
Smallco Investment Manager	4,661,587	5.10%
MicroEquities	4,309,399	4.70%
Fairview Equity Partners	3,489,712	3.80%
	23,039,656	25.20%

D. Voting rights

Ordinary shares: 91,554,912 fully paid ordinary shares are held by 4,630 individual shareholders. All issued ordinary shares carry one vote per share.

Options: 3,500,000 options are held by an individual option holder. Options do not carry a right to vote.