Webjet Limited

ABN 68 002 013 612

Annual report for the financial year ended 30 June 2012

Index to the Annual Report

Contents **Page**

Corporate Information

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Phone: (03) 9820 9214	Adelaide SA 5000
Email: webjet@webjet.com.au	Phone: (08) 8236 2300

Principal Administrative Office	Company Secretary
Level 9	John Viegas
492 St Kilda Road	Level 9
Melbourne Vic 3004	492 St Kilda Road
	Melbourne Vic 3004

Solicitors	Auditors
Minter Ellison	BDO
525 Collins Street	Level 7, BDO Centre
Melbourne Vic 3001	420 King William Street
	Adelaide SA 5000

Bankers	Internet Address
Bank of Melbourne	www.webjet.com.au
Level 8, 530 Collins Street	
Melbourne Vic 3000	

Directors' report

The directors of Webjet Ltd submit herewith the annual financial report of the company and controlled entities for the financial year ended 30 June 2012. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Information about the directors

The names and particulars of the directors of the company during or since the end of the financial year are:

Name	Experience
David Clarke (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. He has worked closely with most major airlines, including Qantas, British Airways, Ansett Australia, United Airlines and others over 25 years and is internationally recognised in the travel industry.
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 relationships 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 MD in February 2011, John has been a Director of Webjet since 2006.
Don Clarke LLB (Hons) (Non-Executive Deputy Chairman)	Is a partner in the law firm Minter Ellison and has had extensive commercial experience. He has been associated with Webjet in his capacity as a senior legal advisor for over 10 years. Other current ASX listed company directorships are Circadian Technologies Ltd (since September 2005) and Phosphagenics Limited (since August 2010).
Allan Nahum FCA, FICD, AAISA (Non-Executive Director)	Former partner in the Melbourne based accounting and consulting firm HLB Mann Judd, with extensive experience in the profession as a business consultant. He has worked in the travel industry as an Auditor and Consultant for over 39 years.
Chris Newman BEc, BComm (Non-Executive Director)	Has had extensive experience over many years in investment analysis, stockbroking, mergers and acquisitions, and was instrumental in the original public listing of Webjet. Chris's other current ASX listed company directorship is Gunns Limited (since September 2001)
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.
Richard Noon FCPA, BBus, Grad Dip (Acc) (Executive Director)	Has worked in many areas of the travel industry at senior executive levels, from hotels (Hilton and Sheraton), airlines, retail and tour wholesaling (Jetset Tours) to airfare consolidation (Concorde). He also worked for Citibank Australia as Vice President, Cash Management. Collectively, he has 35 years travel and 15 years internet marketing experience.

Directors' shareholdings

The following table sets out each director's shareholding as at 30 June 2012, their relevant interest in shares and options in the company as at the date of this report.

Directors	Fully paid ordinary shares Number	Share options Number
David Clarke	15,443	-
John Guscic	159,450	3,000,000
Don Clarke	10,000	-
Allan Nahum	100,000	-
Chris Newman	200,000	-
Steven Scheuer	4,989,785	-
Richard Noon	2,148,100	-

Remuneration of key management personnel

Information about the remuneration of key management personnel is set out in the remuneration report of this directors' report, on page 5.

Share options granted to directors and senior management

During the financial year 3,000,000 share options (2011: nil) were issued to John Guscic. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry upon payment of the option exercise price as set out on the next page and in Note 33.

Company secretary

John Viegas BCom, held the joint position of Company Secretary and Financial Controller throughout the financial year. Mr Viegas has extensive background in Financial & Management Accounting in various industries including Petrochemical and Hospitality.

Principal activities

The principal activities of the Consolidated Entity during the financial year were that of an electronic manager, marketer and credit card merchant of travel and related services utilising the internet and other mediums. There have been no significant changes in the nature of those activities during the financial year.

Review of Operations

The year ended 30 June 2012 has produced a profit before tax of $19.3 million (2011: $15.4 million) and net profit after tax of $13.6 million (2011: $11.0 million). During the year the company has experienced a growth in total transaction values of $176 million from $592 million to $768 million.

Total transaction values increased by 30% relative to the same period last year. The results demonstrate the potential leverage of Webjet's low cost base, tightly controlled marketing expenditure and deliberately focused business plan.

	30 June 2012 $'M	30 June 2011 $'M	30 June 2010 $'M	30 June 2009 $'M	30 June 2008 $'M
Total transaction values	768	592	504	388	330
Total number of flight bookings ('000)	1,055	902	798	657	544
Net profit before tax	19.3	15.4	14.5	10.8	9.5
Net profit after tax					
Net profit after tax (including once-off tax credit)	13.6	11.0	10.5	7.7	9.4
Net profit after tax (excluding once-off tax credit)	13.6	11.0	10.5	7.7	6.7
Operating cash flow	17.7	14.7	14.1	8.5	11.2

Changes in state of affairs

There was no significant change in the state of affairs of the Consolidated Entity during the financial year.

Future developments

Webjet has entered into contracts leading to the establishment of a wholly owned subsidiary trading as Lots of Hotels to be based in Dubai. Operations will commence in July 2012 with an estimated investment in 2012/2013 of AUD1.5 Million.

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.

Subsequent events

Webjet has entered into a long term technology and brand licensing agreement in South Africa with The Bidvest Group Limited, which will result in commercially sensitive licence payments to Webjet.

Other than this, there has not been any 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.

Share buyback

During 2012 Webjet Ltd bought 5,454,162 shares on-market totaling a value of $13,199,501 (2011: 2,146,187 shares on-market totaling a value of $4,327,403).

Dividends

The final dividend for the year ended 30 June 2011 of $0.06 per share fully franked to 100% was paid on 7 October 2011. The total payment was $4.43M. An interim dividend for the year ended 30 June 2012 of $0.06 per share fully franked totalling $4.34M was paid on 12 April 2012. A final dividend of $0.07 per share, fully franked to 100% has been declared by the directors for payment on 5 October 2012.

Shares under option or issued on exercise of options

Details of unissued shares or interests under option as at the date of this report are:

Webjet Limited	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
John Guscic – Tranche 1(a)	500,000	Ordinary	$2.60	30/06/2015
John Guscic – Tranche 1(b)	500,000	Ordinary	$2.60	30/06/2015
John Guscic – Tranche 2(a)	500,000	Ordinary	$3.10	30/06/2016
John Guscic – Tranche 2(b)	500,000	Ordinary	$3.10	30/06/2016
John Guscic – Tranche 3(a)	500,000	Ordinary	$3.80	30/06/2017
John Guscic – Tranche 3(b)	500,000	Ordinary	$3.80	30/06/2017

(a) Tranche 1 – Vests if Company achieves board determined budget for 2012. Tranche 2 – Vests if Company achieves board determined budget for 2013. Tranche 3 – Vests if Company achieves board determined budget for 2014.

(b) Tranche 1 – Vests if remains in employment at 30 June 2012. Tranche 2 – Vests if remains in employment at 30 June 2013. Tranche 3 – Vests if remains in employment at 30 June 2014.

The holder of these options does not have the right, by virtue of the option, to participate in any share issue or interest issue of the company or of any other body corporate or registered scheme.

Details of shares or interests issued during or since the end of the financial year as a result of exercise of an option are:

Webjet Limited	Number of shares issued	Class of shares	Amount paid for shares	Amount unpaid on shares
David Clarke	180,000	Ordinary	$240,570	-
Richard Noon	150,000	Ordinary	$202,200	-
John Lemish	375,000	Ordinary	$501,188	-

Indemnification of officers and auditors

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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 of any related body corporate against a liability incurred as such an officer or auditor.

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 13 board meetings,3 nomination and remuneration committee meetings and 3 audit and risk committee meetings were held.

	Board of directors		Nomination & remuneration committee		Audit committee	
Directors	Held	Attended	Held	Attended	Held	Attended
David Clarke	13	13	3	3	-	-
John Guscic	13	13	3*	3*	-	-
Don Clarke	13	13	3	3	2	2
Allan Nahum	13	12	-	-	3	3
Chris Newman	13	13	-	-	3	3
Steven Scheuer	13	12	-	-	1	1
Richard Noon	13	13	-	-	-	-

*John Guscic by invitation

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 36 to the financial statements. The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are of the opinion that the services as disclosed in note 36 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditor's independence declaration

The auditor's independence declaration has been received and is included on page 14 of the annual report.

Rounding off of amounts

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

Remuneration report - audited

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of Webjet Limited's directors and its senior management for the financial year ended 30 June 2012.The term 'key management personnel' refers to those having authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity, directly or indirectly, including any director (whether executive or otherwise) of the Consolidated Entity.

The prescribed details for each person covered by this report are detailed below under the following headings:

- key management personnel;
- remuneration policy;
- relationship between the remuneration policy and company performance;
- remuneration of key management personnel; and
- key terms of employment contracts.

Key management personnel

The directors and other key management personnel of the Consolidated Entity during or since the end of the financial year were:

- David Clarke (Non-Executive Chairman)
- John Guscic BEc, MBA (Managing Director)
- Don Clarke LLB (Hon) (Non-Executive Deputy Chairman)
- Allan Nahum FCA, FICD, AAISA, (Non-Executive Director)
- Christopher Newman BEc, BComm (Non-Executive Director)
- Steven Scheuer BBus (Acc) (Non-Executive Director)
- Richard Noon FCPA, B Bus, Grad Dip (Acc), (Finance Director)
- Shelley Beasley BA (Comm), Grad Dip (Strategy) (Chief Operating Officer)
- Mathias Friess (Chief Executive Officer, Webjet North America LLC)
- Tim Wagg MBA (General Manager, Customer Operations)

Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year.

Remuneration Policy

The Consolidated Entity's remuneration policy seeks to ensure that:

1. it is able to attract and retain management and operating staff with a particular and specialised mix of marketing, commercial and technical skills appropriate for its business plan. This blend of skills is sought from a competitive environment where there is limited supply.
2. remuneration is competitive with the appropriate incentives for continued employment, which, in turn, is an important component in the protection of the Consolidated Entity's intellectual property which provides part of the Consolidated Entity's competitive edge.
3. the interests of management and general operating staff reflect a close alignment with the interests of shareholders.

The Consolidated Entity has accordingly, in place, a range of incentive programs at all levels, relative to certain KPIs which relate to quality standards, cost management and budget achievement.

The company does not subscribe, at senior level, to the philosophy of excessive 'at risk components' at a cash salary level and considers a more appropriate methodology is to limit the 'at risk component' to a meaningful but not excessive level. Put more succinctly, it considers total employment should be 'at risk' if performance does not deliver prescribed results.

The company monitors remuneration levels through industry comparisons, market intelligence and comparative data of publicly listed companies.

Relationship between the remuneration policy and company performance

The financial and business performance of the Consolidated Entity (of which the overall earnings and performance of the Consolidated Entity compared to its budgets and prior years is an important part) is a material factor in the determination of the nature and amount (or value, as appropriate) of the remuneration of the key management personnel. However, while the Board does have regard for, and is extremely cognisant of the need to drive shareholder wealth and value through improved year on year performance and the payment of dividends (or returns of capital), as there are many and varied factors that affect (positively or negatively):

- the market price of the Company's shares; and
- its ability to pay dividends or make returns of capital,

neither the actual shareholder wealth generated in a financial year nor the relationship, if any, between the Consolidated Entity's performance and the actual shareholder wealth generated in that, financial results are important factors in determining the remuneration policies and/or overall remuneration of the key management personnel in any year.

	30 June 2012 $'000	30 June 2011 $'000	30 June 2010 $'000	30 June 2009 $'000	30 June 2008 $'000
Revenue	57,669	43,548	38,877	30,118	25,155
Net profit before tax	19,297	15,386	14,508	10,774	9,472
Net profit after tax	13,613	11,006	10,517	7,678	9,370

	30 June 2012	30 June 2011	30 June 2010	30 June 2009	30 June 2008
Share price at start of year	$2.00	$1.88	$1.30	$1.26	$1.26
Share price at end of year	$3.38	$2.00	$1.88	$1.32	$1.35
Interim dividend[1]	6.0cps	5.0cps	5.0cps	3.0cps	2.0cps
Final dividend[1]	7.0cps	6.0cps	5.5cps	3.5cps	3.0cps
Basic earnings per share	18.81	14.41	13.93	10.24	12.52
Diluted earnings per share	18.79	14.33	13.76	10.24	12.45

[1] Franked to 100% at corporate income tax rate

Remuneration of key management personnel

	Short-term employee benefits				Post-employ-ment benefits	Other long-term employee benefits	Share-based payment	
2012	Salary & fees $	Bonus $	Non-monetary $	Other $	Super-annua-tion $	$	Options & rights $	Total $
Non-executive directors								
David Clarke	85,000	-	-	-	48,000	-	-	133,000
Don Clarke	68,807	-	-	-	6,193	-	-	75,000
Allan Nahum	12,500	-	-	-	50,000	-	-	62,500
Chris Newman	42,967	-	-	-	3,867	-	-	46,834
Steven Scheuer	26,912	-	-	-	2,422	-	-	29,334
Executive officers								
John Guscic	505,000	174,900	-	-	25,000	-	250,309	955,209
Richard Noon	375,200	164,500	-	4,800	50,000	-	-	594,500
Shelley Beasley	350,000	87,500	-	-	7,000	-	-	444,500
Mathias Friess	333,628	-	21,948	-	-	-	-	355,576
Tim Wagg	203,614	87,742	-	-	48,000	-	-	339,356
								3,035,809

The 2012 remuneration table is prepared on an accruals basis for bonuses as required by Corporations Regulation 2M.3.03(4).

2011	Short-term employee benefits: Salary & fees $	Short-term employee benefits: Bonus (c) $	Short-term employee benefits: Non-monetary $	Short-term employee benefits: Other $	Post-employ-ment benefits: Super-annua-tion $	Other long-term employee benefits $	Share-based payment: Options & rights $	Total $
Non-executive directors								
David Clarke	402,000	328,500(a)	-	2,700	48,000	317,305(b)	-	1,098,505
Don Clarke	41,834	-	-	-	3,766	-	-	45,600
Allan Nahum	57,500	-	-	-	43,750	-	-	101,250
Chris Newman	44,678	-	-	-	4,022	-	-	48,700
Steven Scheuer	25,412	-	-	-	2,288	-	-	27,700
Executive officers								
John Guscic	198,660	-	-	-	17,879	-	-	216,539
Richard Noon	360,200	200,000	-	4,800	50,000	-	-	615,000
Shelley Beasley	121,131	-	-	-	4,944	-	-	126,075
Mathias Friess	245,245	47,408	27,755	-	-	-	-	320,408
Tim Wagg	197,002	49,729	-	-	47,998	-	-	294,729
								2,894,506

(a) David Clarke was paid both a 2010 year bonus of $141,000 in July 2010 and a prior year 2011 pro rata bonus of $187,500 for the period 1 July 2010 to 31 March 2011 when his service agreement ended on the 31 March 2011 and he moved from the position of Managing Director to Chairman.

(b) David Clarke was paid accrued annual leave and long service leave when his service agreement ended on the 31 March 2011.

(c) The following key management personnel were granted a cash bonus on 10 August 2011 based on Consolidated Entity performance against budget for 2011 and paid during the year ended 30 June 2012. 100% of the bonuses payable vested with the employees.

John Guscic	$71,500
Richard Noon	$141,500
Shelley Beasley	$30,689
Tim Wagg	$74,500

Bonuses and share-based payments granted as compensation for the current financial year

Bonuses

For the Key Management Personnel listed here, with the exception of J Guscic the bonus plan is based on the respective geographic point of sale entity achieving the Board approved budget for the full year. For J Guscic the bonus plan is based upon the Consolidated Entity achieving the Board approved budget for the full year.

The Consolidated Entity also operates a companywide bonus incentive scheme. This scheme is an entitlement to a quarterly bonus based upon the respective geographic point of sale entity achieving the board approved quarterly budget payable each quarter.

Schedule of bonuses

The schedule of bonuses outlines the bonuses payable to the Key Management Personnel after the reporting period. 100% of these bonuses payable will vest with the employees.

	Total Cash Bonus at Risk $	Achievement of 2012 Budget $	Over Budget 2012 Incremental Bonus $	Quarterly Profit Incentives $	Total Bonus	% Performance Related
J Guscic	174,900	174,900	-	-	174,900	25%
R Noon	207,500	100,000	64,500	-	164,500	33%
S Beasley	87,500	87,500	-	-	87,500	20%
M Friess	98,126			-	-	22%
T Wagg	87,742	50,000	37,742	-	87,742	26%

All employees, including Key Management Personnel, are incentivised to achieve the respective geographic point of sale entity's Board approved budget and business plan. The Company believes that the achievement of its business plan for the year (as approved by the Board prior to the start of the financial year) is the major priority and that all employees, subject to a qualifying period, should be incentivised to achieve budgeted results.

If the budget is not achieved then no bonuses are payable.

Bonuses are determined according to the following time frames

1. Key Management Personnel on the full year's results.
2. Employee's on the quarterly results.

The Company considers that Key Management Personnel are best focused on delivering the full year result, whereas other employees are best focused on achieving quarterly goals.

Some Key Management Personnel have higher portions of their salary at risk and may also have a portion % payable upon over achievement of budget in 5% increments. For example, a 10% over budget result, creates an incremental bonus of 10% of base salary.

Employee share option plan
During and since the end of the financial year 3,000,000 share options (2011: nil) were issued to John Guscic. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

During the financial year, the following share-based payment arrangements were in existence**:**

Options series	Grant date	No of options	Exercise price	Expiry date	Grant date fair value	Vesting date
John Guscic – Tranche 1(a)	19/10/2011	500,000	$2.60	30/06/2015	$0.22	01/09/2012
John Guscic – Tranche 1(b)	19/10/2011	500,000	$2.60	30/06/2015	$0.22	01/09/2012
John Guscic – Tranche 2(a)	19/10/2011	500,000	$3.10	30/06/2016	$0.20	01/09/2013
John Guscic – Tranche 2(b)	19/10/2011	500,000	$3.10	30/06/2016	$0.20	01/09/2013
John Guscic – Tranche 3(a)	19/10/2011	500,000	$3.80	30/06/2017	$0.22	01/09/2014
John Guscic – Tranche 3(b)	19/10/2011	500,000	$3.80	30/06/2017	$0.22	01/09/2014

(a) Tranche 1 – Vests if Company achieves board determined budget for 2012. Tranche 2 – Vests if Company achieves board determined budget for 2013. Tranche 3 – Vests if Company achieves board determined budget for 2014.
(b) Tranche 1 – Vests if remains in employment at 30 June 2012. Tranche 2 – Vests if remains in employment at 30 June 2013. Tranche 3 – Vests if remains in employment at 30 June 2014.

The following grants of share-based payment compensation to key management personnel relate to the current financial year:

		During the financial year				% of compensation for the year consisting of options
	Option series	No. granted	No. vested	% of grant vested	% of grant foreited	
John Guscic	Tranche 1(a)	500,000	Nil	Nil	Nil	9.7%
John Guscic	Tranche 1(b)	500,000	Nil	Nil	Nil	9.5%
John Guscic	Tranche 2(a)	500,000	Nil	Nil	Nil	4.1%
John Guscic	Tranche 2(b)	500,000	Nil	Nil	Nil	0.0%
John Guscic	Tranche 3(a)	500,000	Nil	Nil	Nil	2.9%
John Guscic	Tranche 3(b)	500,000	Nil	Nil	Nil	0.0%

During the year, the following directors and senior management exercised options that were granted to them as part of their compensation. Each option converts into one ordinary share of Webjet Ltd.

Name	No. of options exercised	No. of ordinary shares of Webjet Ltd issued	Amount paid	Amount unpaid
David Clarke	180,000	180,000	$240,570	-
Richard Noon	150,000	150,000	$202,200	-

The following table summarises the value of options to key management personnel granted, exercised or lapsed during the year:

	Value of options granted at the grant date (i) $	Value of options exercised at the exercise date $	Value of options lapsed at the date of lapse (ii) S
David Clarke	-	195,430	-
Richard Noon	-	85,500	-
John Guscic – Tranche 1(a)	109,238	-	-
John Guscic – Tranche 1(b)	109,239	-	-
John Guscic – Tranche 2(a)	100,649	-	-
John Guscic – Tranche 2(b)	100,650	-	-
John Guscic – Tranche 3(a)	110,148	-	-
John Guscic – Tranche 3(b)	110,149	-	-

(i) The value of options granted during the period is recognised in compensation over the vesting period of the grant, in accordance with the Australian Accounting Standards

(ii) The value of options lapsing during the period due to failure to satisfy a vesting condition is determined assuming the vesting condition had been satisfied.

Service and employment agreements of key executives

The following table sets out the key elements of the senior executive service agreements.

	Agreement Date	Term (Years)	Notice Period	Termination Payment	Base Salary (Inc Superannuation) $	Salary at Risk $	Possible Total $
J Guscic	1 February 2011	3	12 Months	12 months in lieu of notice	600,000	340,000	940,000
R Noon	23 September 2011	3	6 Months	12 months in lieu of notice	443,330	210,825	654,155
S Beasley	21 March 2011	3	12 Months	12 months in lieu of notice	350,000	87,500	437,500
T Wagg	23 June 2012	3	6 Months	6 months in lieu of notice	251,615	87,742	339,357
M Friess	17 September 2009	3	6 Months	6 months in lieu of notice	361,103	98,126	459,229

Key management personnel remuneration philosophy

The board monitors and reviews the performance of executive directors (including the Managing Director) as well as the performance of key senior management. The Board receives regular updates on the performance of Webjet as a whole. The Chairman of the company endeavours to implement change at a Board level to incorporate recommendations that flow out of this review process. The company has in place a Nomination and Remuneration Committee which seeks to ensure that the Company's remuneration levels are appropriately aimed at delivering maximum benefit for the Company. The Nomination and Remuneration Committee has responsibility for ensuring that the company:

- Has coherent remuneration policies and practices to attract and retain executives and directors who will create value for shareholders;
- Observes those remuneration policies and practices; and
- Fairly and responsibly rewards executives having regard to the performance of Webjet, the performance of the executives and the general pay environment.

Remuneration Committee

The current members of the Nomination and Remuneration Committee are the independent directors Don Clarke and David Clarke. The Committee may if considered necessary, receive external assistance and advice to assist it in determining appropriate levels of remuneration for the directors of the Company.

Senior Management and Executive Director Remuneration

The Webjet Consolidated Entity aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the company and so as to:

- reward executives for company, business unit and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the company; and
- ensure total remuneration is competitive by market standards.

Remuneration consists of the following key elements:

- fixed remuneration; and
- incentive remuneration in the form of performance and retention bonuses.

The proportion of fixed remuneration and variable remuneration is established for each executive by the Managing Director. The proportion of fixed remuneration and variable remuneration is established for the Managing Director by the Nomination and Remuneration Committee.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level which provides the company with the ability to attract and retain directors of the highest calibre, whilst 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 Consolidated Entity and the demands made of directors in the discharge of their responsibilities.

The board is remunerated as follows:

Responsibility	Total Remuneration
Chairman (No additional fees)	133,000
Deputy Chairman (No additional fees)	75,000
Board Member	29,300
Additional committee fees	
Audit and risk committee	17,500
Nomination and remuneration committee	15,700

Fixed remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Nomination and Remuneration Committee in consultation with the Managing Director. The process consists of a review of company-wide, business unit and individual performance, relevant comparative remuneration in the market and internal and, where appropriate, external advice on policies and practices.

Senior executives are given the opportunity to receive their fixed (primary) remuneration as either cash or superannuation. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the company.

Variable remuneration

The company has implemented a bonus plan that seeks to incentivise and retain its key executives by rewarding company and individual performance.

End of audited Remuneration Report.

Signed in accordance with a resolution of the directors made pursuant to s.298 (2) of the Corporations Act 2001.
On behalf of the directors

....

David Clarke (Chairman)
8 August 2012

Corporate governance statement

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

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

Board Responsibilities

The Board's key responsibilities are:

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

Structure of Board

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

Potential additions to the Board are carefully considered by the Board prior to being nominated to shareholders or appointed as casual vacancies. The skills, experience and expertise of each of the directors are set out in the first section of the Annual Report.

The Board currently has five independent directors being David Clarke (Chairman), Don Clarke (Deputy Chairman), Allan Nahum, Chris Newman, and Steven Scheuer. The current Board is sufficiently balanced to protect the interests of shareholders. The Company facilitates and pays for directors and committee members to obtain professional independent advice if they require it.

Code of Conduct

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

Audit and Risk Committee

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

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

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

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

The Audit and Risk Committee meets regularly to review the half-year and annual results of Webjet, and to review the audit process, and those representations made by management in support of monitoring Webjet's commitment to integrity in financial reporting. The Managing Director, the Finance Director, the Financial Controller and the external auditors are invited to attend meetings of the Committee at the discretion of the Committee.

The members of the Audit and Risk Committee at the date of this annual report are the following non-executive directors of the Company: Allan Nahum (Chairman of the Committee), Chris Newman and Steven Scheuer. Although not members of the Audit & Risk Committee, David Clarke and Richard Noon have also attended several of the committee meetings by invitation of the committee.

Business Risk Management

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

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

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

Nomination and Remuneration Committee Charter

The Nomination and Remuneration Committee is a committee of the Board of directors of Webjet Limited. The role of the Nomination and Remuneration Committee is not an executive role. The role of the Committee is to help the Board achieve its objective to ensure the company:

- has a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- has coherent remuneration policies and practices to attract and retain executives and directors who will create value for shareholders;
- observes those remuneration policies and practices; and
- fairly and responsibly rewards executives having regard to the performance of the Consolidated Entity, the performance of the executives and the general pay environment.

The Nomination and Remuneration Committee is responsible for:

- identifying and recommending to the Board, nominees for membership of the Board;
- identifying and assessing the necessary and desirable competencies and characteristics for Board membership and regularly assessing the extent to which those competencies and characteristics are represented on the Board;
- developing and implementing processes to identify and assess necessary and desirable competencies and characteristics for Board members; and
- ensuring succession plans are in place to maintain an appropriate balance of skills on the Board and reviewing those plans.

Executive remuneration and incentive policies and practices are performance based and aligned with the Consolidated Entity's vision, values and overall business objectives. In effect, the committee must give appropriate consideration to the Company's performance and objectives, employment conditions and remuneration relativities.

Disclosure

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

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

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

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

Performance and Remuneration

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

The Chairman of the Company endeavours to implement change at a Board level to incorporate recommendations that flow out of this review process.

As previously stated, the Company has in place a Nomination and Remuneration Committee which seeks to ensure that the Company's remuneration levels are appropriate and aimed at delivering the maximum benefit for the Company.

The current members of the Nomination and Remuneration Committee are Don Clarke and David Clarke.The Committee receives external assistance and advice to assist it in determining appropriate levels of remuneration for the directors of the Company. The Managing Director is invited to attend meetings of the Committee at the discretion of the Committee.

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

Diversity

Workplace diversity refers to the variety of differences between people in an organisation. Diversity encompasses, among a range of matters, differences in gender, race, ethnicity, age, disability and cultural background. Webjet believes that embracing and leveraging diversity in its workforce contributes to the achievement of its corporate objectives and enhances its reputation. It enables Webjet and its controlled entities to:

(a) recruit the right people from a diverse pool of talented candidates;

(b) retain and develop an appropriate skills base within the Group make more informed and innovative decisions, drawing on the wide range of ideas, experiences, approaches and perspectives that employees from diverse backgrounds, and with differing skill sets, bring to their roles in Webjet; and

(c) better represent the diversity of all stakeholders.

Webjet is committed to achieving the goals of:

(d) providing access to equal opportunities at work based on primarily merit;

(e) attracting and retaining a management team with a diverse mix of skills, experience and expertise; and

(f) fostering a corporate culture that embraces and values diversity and uses that diversity to deliver business outcomes.

Webjet is an equal opportunity employer and welcomes people from a diverse range of backgrounds. Every employee within Webjet is responsible for supporting and maintaining Webjet's corporate culture, including its commitment to diversity in the workplace. In particular, managers have responsibility for the maintenance and promotion of an equal opportunity workplace.

For the twelve months ending 30 June 2012, Webjet has hired a diverse range of staff. For the 33 new hires, 58% were female, 42% were male, between the ages of 19 and 45.

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Australia

DECLARATION OF INDEPENDENCE BY

PAUL GOSNOLD

TO THE DIRECTORS OF WEBJET LIMITED

As lead auditor of Webjet Limited for the year ended 30 June 2012, 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
- 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.

Paul Gosnold
Partner
BDO (SA)

8 August 2012

Directors' Declaration

The directors of the Company declare that:

(a) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

(b) In the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 3 to the financial statements;

(c) The remuneration disclosures included in pages 5 to 10 of the directors' report (as part of audited Remuneration Report), for the year ended 30 June 2012, comply with section 300A of the Corporations Act 2001;

(d) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001 and Corporations Regulations 2001, including compliance with accounting standards and giving a true and fair view of the financial position as at 30 June 2012 and performance of the Consolidated Entity for the year ended on that date; and

(e) The directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to s.295 (5) of the Corporations Act 2001.

On behalf of the Directors

....

David Clarke (Chairman)

08 August 2012

Index to the financial report

Contents **Page**

Consolidated statement of comprehensive income for the financial year ended 30 June 2012

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000
Revenue	6	57,669	43,548
Investment income	7	1,620	2,141
Other gains and losses	8	50	(77)
		59,339	**45,612**
Share of losses of associates	29	(500)	(273)
Employee benefits expenses		(9,813)	(8,495)
Depreciation and amortisation expenses		(562)	(439)
Marketing expenses		(12,774)	(8,656)
Operating costs		(11,904)	(9,027)
Option expenses		(250)	-
Technology expenses		(1,602)	(1,696)
Administrative expenses		(713)	(593)
Directors' fees		(347)	(290)
Other expenses		(1,577)	(757)
Profit before tax		**19,297**	**15,386**
Income tax expense	9	(5,684)	(4,380)
PROFIT FOR THE YEAR	10	**13,613**	**11,006**
Other comprehensive income, net of income tax			
Exchange differences on translating foreign operations		(98)	(142)
Other comprehensive income for the year, net of tax		**(98)**	**(142)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**13,515**	**10,864**
Profit/(loss) attributable to:			
Owners of the Company		13,757	11,115
Non-controlling interests		(144)	(109)
		13,613	**11,006**
Total comprehensive income attributable to:			
Owners of the Company		13,651	10,974
Non-controlling interests		(136)	(110)
		13,515	**10,864**
Earnings per share			
Basic (cents per share)	23	**18.81**	**14.41**
Diluted (cents per share)		**18.79**	**14.33**

Notes to the financial statements are included on pages 21 to 55.

Consolidated statement of financial position
as at 30 June 2012

		Consolidated	
	Note	2012 $'000	2011 $'000
Current assets			
Cash and bank balances	31	33,761	31,626
Trade and other receivables	11	4,640	2,337
Other financial assets	12	-	9,194
Other assets	13	755	47
Total current assets		**39,156**	**43,204**
Non-current assets			
Investments in associates	29	58	30
Other financial assets	12	205	211
Property, plant and equipment	14	969	1,065
Deferred tax assets	9	3,037	2,662
Intangible assets	15	10,365	7,652
Total non-current assets		**14,634**	**11,620**
Total assets		**53,790**	**54,824**
Current liabilities			
Trade and other payables	16	16,456	11,045
Other financial liabilities	17	13	11
Current tax liabilities	9	1,152	1,029
Provisions	18	586	415
Other liabilities	19	28	55
Total current liabilities		**18,235**	**12,555**
Non-current liabilities			
Deferred tax liabilities	9	2,575	2,044
Provisions	18	27	10
Total non-current liabilities		**2,602**	**2,054**
Total liabilities		**20,837**	**14,609**
Net assets		**32,953**	**40,215**
Equity			
Issued capital	20	11,042	23,214
Reserves	21	61	657
Retained earnings	22	21,796	16,154
Equity attributable to owners of the Company		32,899	40,025
Non-controlling interests	30	54	190
Total equity		**32,953**	**40,215**

Notes to the financial statements are included on pages 21 to 55.

Consolidated statement of changes in equity
for the financial year ended 30 June 2012

	Share capital $'000	Equity-settled employee benefits reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total attributable to owners of the parent $'000	Non-controlling interests $'000	Total $'000
Balance at 1 July 2010	25,674	1,125	58	13,155	**40,012**	**300**	**40,312**
Payment of dividends	-	-	-	(8,116)	**(8,116)**	-	**(8,116)**
Profit for the year	-	-	-	11,115	**11,115**	(109)	**11,006**
Other comprehensive income for the year, net of income tax	-	-	(141)	-	**(141)**	(1)	**(142)**
Total comprehensive income for the year	-	-	(141)	11,115	**10,974**	**(110)**	**10,864**
Share issue (exercise of options)	1,483	-	-	-	**1,483**	-	**1,483**
Buy-back of ordinary shares	(4,328)	-	-	-	**(4,328)**	-	**(4,328)**
Options exercised	385	(385)	-	-	**-**	-	**-**
Recognition of share based payments	-	-	-	-	**-**	-	**-**
Sub-total	(2,460)	(385)	(141)	2,999	**13**	**(110)**	**(97)**
Balance at 30 June 2011	23,214	740	(83)	16,154	**40,025**	**190**	**40,215**
Balance at 1 July 2011	23,214	740	(83)	16,154	**40,025**	**190**	**40,215**
Payment of dividends	-	-	-	(8,771)	**(8,771)**	-	**(8,771)**
Profit for the year	-	-	-	13,757	**13,757**	(144)	**13,613**
Other comprehensive income for the year, net of income tax	-	-	(106)	-	**(106)**	8	**(98)**
Total comprehensive income for the year	-	-	(106)	13,757	**13,651**	(136)	**13,515**
Share issue (exercise of options)	944	-	-	-	**944**	-	**944**
Buy-back of ordinary shares	(13,200)	-	-	-	**(13,200)**	-	**(13,200)**
Options exercised	84	(84)	-	-	**-**	-	**-**
Recognition of share based payments	-	250	-	-	**250**	-	**250**
Cancelled options transferred to retained earnings	-	(656)	-	656	**-**	-	**-**
Sub-total	(12,172)	(490)	(106)	5,642	**(7,126)**	**(136)**	**(7,262)**
Balance at 30 June 2012	**11,042**	**250**	**(189)**	**21,796**	**32,899**	**54**	**32,953**

Notes to the financial statements are included on pages 21 to 55.

Consolidated statement of cash flows for the financial year ended 30 June 2012

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000
Cash flows from operating activities			
Receipts from customers		55,357	43,488
Payments to suppliers and employees		(33,866)	(26,581)
Cash generated from operations		21,491	16,907
Interest received		1,600	2,121
Income taxes paid		(5,402)	(4,314)
Net cash generated by operating activities	31	**17,689**	**14,714**
Cash flows from investing activities			
Payments for property, plant and equipment	14	(326)	(296)
Payments for intangible assets	15	(2,869)	(1,233)
Payments to acquire financial assets		-	(415)
Amounts advanced to associates		(526)	-
Proceeds on sale of financial assets		9,194	12,500
Net cash generated by investing activities		**5,473**	**10,556**
Cash flows from financing activities			
Proceeds from issue equity instruments of the Company		944	1,483
Payment for share buy-back costs		(13,200)	(4,328)
Dividends paid to owners of the Company		(8,771)	(8,116)
Net cash used in financing activities		**(21,027)**	**(10,961)**
Net increase in cash and cash equivalents		2,135	14,309
Cash and cash equivalents at the beginning of the financial year		31,626	17,317
Effects of exchange rate changes on the balance of cash held in foreign currencies		-	-
Cash and cash equivalents at the end of the financial year	31	**33,761**	**31,626**

Notes to the financial statements are included on pages 21 to 55.

1. General information

Webjet Ltd (the company) is a public company listed on the ASX and incorporated in Australia. The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. The principal activities of the Company and its subsidiaries (the Consolidated Entity) are described in the Directors Report.

2. Application of new and revised Accounting Standards

The following new and revised Standards and Interpretations have been adopted in the current year and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out separately.

Standards affecting presentation and disclosure

Amendments to AASB 7 'Financial Instruments Disclosure'	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans.
Amendments to AASB 101 'Presentation of Financial Statements'	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.
AASB 1054 'Australian Additional Disclosures' and AASB 2011-1 'Amendments to Australian Accounting Standards arising from Trans-Tasman Convergence Project'	AASB 1054 sets out the Australian-specific disclosures for entities that have adopted Australian Accounting Standards. This Standard contains disclosure requirements that are in addition to IFRSs in areas such as compliance with Australian Accounting Standards, the nature of financial statements (general purpose or special purpose), audit fees, imputation (franking) credits and the Reconciliation of net operating cash flow to profit (loss). AASB 2011-1 makes amendments to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to IFRSs and harmonisation between Australian and New Zealand Standards. The Standard deletes various Australian-specific guidance and disclosures from other Standards (Australian-specific disclosures retained are now contained in AASB 1054), and aligns the wording used to that adopted in IFRSs. The application of AASB 1054 and AASB 2011-1 in the current year has resulted in the simplification of disclosures in regards to audit fees, franking credits and capital and other expenditure commitments as well as an additional disclosure on whether the Consolidated Entity is a for-profit or not-for-profit entity.
AASB 124 'Related Party Disclosures' (revised December 2009)	AASB 124 (revised December 2009) has been revised on the following two aspects: (a) AASB 124 (revised December 2009) has changed the definition of a related party and (b) AASB 124 (revised December 2009) introduces a partial exemption from the disclosure requirements for government-related entities. The related party disclosures set out in note 35 to the consolidated financial statements have been changed to reflect the application of the revised Standard. Changes have been applied retrospectively.

2. Application of new and revised Accounting Standards (cont'd)

Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

AASB 2009-12 'Amendments to Australian Accounting Standards'	The application of AASB 2009-12 makes amendments to AASB 8 'Operating Segments' as a result of the issuance of AASB 124 'Related Party Disclosures' (2009). The amendment to AASB 8 requires an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The Standard also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations. The application of AASB 2009-12 has not had any material effect on amounts reported in the Consolidated Entity's consolidated financial statements.
AASB 2010-5 'Amendments to Australian Accounting Standards'	The Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations. The application of AASB 2010-5 has not had any material effect on amounts reported in the Consolidated Entity's consolidated financial statements.
AASB 2010-6 'Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets'	The application of AASB 2010-6 makes amendments to AASB 7 'Financial Instruments – Disclosures' to introduce additional disclosure requirements for transactions involving transfer of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred and derecognised but the transferor retains some level of continuing exposure in the asset. To date, the Consolidated Entity has not entered into any transfer arrangements of financial assets that are derecognised but with some level of continuing exposure in the asset. Therefore, the application of the amendments has not had any material effect on the disclosures made in the consolidated financial statements.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2015	30 June 2016
AASB 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interest in Other Entities'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements' (2011)	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011)	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014

2. Application of new and revised Accounting Standards (cont'd)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2010-8 'Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets'	1 January 2012	30 June 2013
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'	1 July 2012	30 June 2013

The Consolidated Entity has not yet assessed the impact of these standards.

3. Significant accounting policies

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and interpretations, and comply with other requirements of the law. The financial statements compromise the consolidated financial statements of the Consolidated Entity. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Consolidated Entity comply with International Financial Reporting Standards ('IFRS').

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interest even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statement of the subsidiaries to bring their accounting policies into line with those used by other members of the Consolidated Entity.

All intra-Consolidated Entity transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Consolidated Entity's ownership interest in subsidiaries that do not result in the Consolidated Entity losing control are accounted for as equity transactions. The carrying amounts of the Consolidated Entity's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. Significant accounting policies (cont'd)

When the Consolidated Entity loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the considerations received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any other non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity are accounted for as if the Consolidated Entity had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when controls is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

(b) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. 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, liabilities 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. Acquisition-related costs are recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the Consolidated Entity in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Consolidated Entity reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Business combinations that took place prior to 1 July 2009 were accounted for in accordance with the previous version of AASB 3.

(c) Investments in associates

An associate is an entity over which the Consolidated Entity has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Consolidated Entity's share of the net assets of the associate, less any impairment in the value of individual investments.

3. Significant accounting policies (cont'd)

Losses of an associate in excess of the Consolidated Entity's interest in that associate (which includes any long-term interests that, in substance, form part of the Consolidated Entity's net investment in the associate) are recognised only to the extent that the Consolidated Entity has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Consolidated Entity's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of the acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Consolidated Entity's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the acquisition, after reassessment, is recognised immediately in profit or loss.

Where a Consolidated Entity entity transacts with an associate of the Consolidated Entity, profits and losses are eliminated to the extent of the Consolidated Entity's interest in the relevant associate.

(d) Foreign currency

The individual financial statements of each entity are presented in its functional currency being the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of Webjet Ltd and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in foreign operations), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Consolidated Entity's foreign operations are expressed in Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. disposal of the Consolidated Entity's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Consolidated Entity are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associated or jointly controlled entities not involving a change of accounting basis), the proportionate share of the accumulated exchange differences in reclassified to profit or loss.

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.

3. Significant accounting policies (cont'd)

(e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense;

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the consolidated statement of cashflows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(f) Revenue

Revenue from booking fees on the sale of airline tickets and travel packages is recognised when the booking is made by the customer, payment has been received and the ticket has been issued.

Revenue from commissions are recognised some when the booking is made by the customer and some when the customer has obtained the service from the third party provider.

There is no credit risk associated with the service 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.

Dividend revenue from investments is recognised when the Consolidated Entity's right to receive payment has been established. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(g) Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

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.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(h) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax reflects movements in temporary differences. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

3. Significant accounting policies (cont'd)

Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures except where the Consolidated Entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Consolidated Entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Consolidated Entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Tax consolidation

The company and all its wholly-owned Australian resident entities became part of a tax-consolidated group on 1 July 2007 under Australian taxation law. Webjet Limited is the head entity in the tax-consolidated group. 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).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the Consolidated Entity in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

(i) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of six months or less at the date of acquisition. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(j) Financial assets

Investments are initially measured at fair value net of transactions costs. Subsequent to initial recognition, investments in subsidiaries are measured at cost.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit and loss', 'held-to-maturity' investments, 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

3. Significant accounting policies (cont'd)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Available-for-sale financial assets

Certain financial assets such as floating rate notes held by the Consolidated Entity are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

Dividends on available-for-sale equity instruments are recognised in profit and loss when the Consolidated Entity's right to receive the dividends is established.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest income is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, 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, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

(k) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

The depreciable amount of all fixed assets 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 to its estimated residual value. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period.

3. Significant accounting policies (cont'd)

The depreciation rate used for each class of depreciable asset is:

Office furniture, equipment and leasehold improvements	15%
Computer equipment and software	40%

(l) Amortisation

The useful lives of the intangible assets are reviewed on an annual basis and the useful life is altered if estimates have changed significantly. Gains or losses on the disposal of intangible assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the statement of comprehensive income as other operating income or other operating costs, respectively.

(m) Leased assets

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. All other leases are classified as operating leases.

Consolidated Entity as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Consolidated Entity's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(n) 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.

Intangible assets internally generated - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

3. Significant accounting policies (cont'd)

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Domain name

Domain names recognised by the Consolidated Entity have a finite useful life assessed as 10 years and are amortised on a straight line basis over this life. Each period, the useful life of this asset is reviewed to determine whether events and circumstances continue to support the useful life assessment for the asset.

Other identifiable intangibles

Other identifiable intangibles recognised by the Consolidated Entity have a finite useful life assessed as 3 years and are amortised on a straight line basis over this life. Each period, the useful life of this asset is reviewed to determine whether events and circumstances continue to support the useful life assessment for the asset.

(o) Impairment of Tangible and Intangible Assets other than Goodwill

At the end of each reporting period, the Consolidated Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocate to the smallest Consolidated Entity of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(p) Employee benefits

Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employee's services up to the reporting date and measured at the amounts expected to be paid when the liabilities are settled. Liabilities for wages and salaries are included as part of other payables and liabilities for annual leave are included as part of the provision for employee benefits.

Long Service Leave

The liabilities for long service leave are recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date 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 reporting date on national government bonds terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

3. Significant accounting policies (cont'd)

(q) Contributed equity

Ordinary shares are classified as equity.

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

If the entity reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders 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.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(r) Share-based payment transactions of the Company

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 33.

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, with a corresponding increase in equity. At the end of each reporting period, the Consolidated Entity revises its estimate of the number of equity instruments to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

The policy above is applied to all equity-settled share-based payments that were granted after 7 November 2003 and vested after 1 January 2006. No amounts have been recognised in the financial statements in respect of other equity-settled share-based payments.

(s) Payables

Trade payables and other accounts payable are recognised when the Consolidated Entity becomes obliged to make future payments resulting from the purchase of goods and services. These are usually settled within 30 days.

(t) Provisions

Provisions are recognised when the Consolidated Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Consolidated Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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.

Restructurings

A restructuring provision is recognised when the Consolidated Entity has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

3. Significant accounting policies (cont'd)

(u) Financial instruments issued by the company

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction costs arising on the issue of equity instruments are recognised directly in equity as reductions in the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs incurred directly in connection with the issue of those equity instruments and which would not have otherwise been incurred had those instruments not been issued.

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

(v) Rounding of amounts

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

4. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the entity's accounting policies

The preparation of the financial report required the making of estimations and assumptions that affect the recognised amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and judgements that have a significant risk of causing an adjustment to the carrying value of assets and liabilities with the next financial year are discussed below.

(i) Key Estimates - Impairment

The Consolidated Entity assesses whether intangible assets (refer to note 15) with indefinite useful lives are impaired at least annually. These calculations involve an estimation of the recoverable amount of the cash generation to which the intangible assets with indefinite useful lives are allocated. The useful life of the Travel Service Aggregator (TSA) has been assessed as 25 years after regard to the history of other airline booking platforms that have been in use for an extensive period and continue to achieve economic benefits.

(ii) Useful Life of TSA Intangible Asset

As described at 3(n) above, the Consolidated Entity reviews the estimated useful lives of its intangible assets at the end of each reporting period. During the current year, and after regard to other airline booking platforms that have been in use for an extensive period and which continue to achieve economic benefits the directors have determined that the useful life of the TSA Intangible asset is reasonably estimated to be 25 years.

The financial effect of this reassessment, assuming the asset is held until the end of its estimated useful life, is to increase the consolidated amortisation expense in the current financial year by $31,871, refer to note 15, (this will be one month's worth of amortisation) and for the subsequent years by $382,452 (this will be one full year of amortisation). Amortisation expense is calculated on a straight line basis.

(iii) Capitlised Development Costs

The Consolidated Entity has capitalised development costs, as described at 3(n) in the current financial year for the amount of $2.61M in respect to the intangible assets (refer to note 15).

5. Segment information

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

- Australia & New Zealand
- Other locations

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

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

Segment revenues and results

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

	Revenue		Segment profit	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Australia & New Zealand	56,784	43,009	18,540	13,913
Other locations	885	539	(363)	(425)
Share of profits of associates			(500)	(273)
Other revenue			1,620	2,171
Profit before tax			19,297	15,386
Income tax expense			(5,684)	(4,380)
Consolidated segment revenue and profit for the period	57,669	43,548	13,613	11,006

Prior year segment revenues have been reclassified between segments to reflect a consistent basis of management reporting.

Segment assets and liabilities

	Segment assets	
	2012 $'000	2011 $'000
Australia & New Zealand	33,035	28,752
Other locations	1,340	1,095
Deferred tax asset	3,037	2,662
Floating rate notes & term deposits	16,378	22,315
Other	-	-
Total segment assets	53,790	54,824
Consolidated total assets	53,790	54,824

	Segment liabilities	
	2012 $'000	2011 $'000
Australia & New Zealand	16,791	10,820
Other locations	319	716
Current tax & deferred tax liabilities	3,727	3,073
Other	-	-
Total segment liabilities	20,837	14,609
Consolidated total liabilities	20,837	14,609

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments other than floating rate notes & term deposits and current and deferred tax assets. Assets used by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

5. Segment information (cont'd)

Revenue from major products and services

The following is an analysis of the company's revenue from its major products and services.

	Revenue from major products and services	
	2012 $'000	2011 $'000
Flight bookings	49,272	39,376
Other bookings	8,397	4,172
	57,669	43,548

Geographical information

The company's revenues from continuing operations from external customers and information about its non-current assets* by geographical location are detailed below.

	Revenue from external customers		Non-current assets*	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Australia & New Zealand	56,784	43,009	10,980	8,353
Other locations	885	539	354	364
	57,669	43,548	11,334	8,717

* Non-current assets excluding financial assets, deferred tax assets, post-employment benefit assets and assets arising from insurance contracts.

Prior year segment revenues have been reclassified between segments to reflect a consistent basis of management reporting.

6. Revenue

An analysis of the Consolidated Entity's revenue for the year is as follows:

	Consolidated	
	2012 $'000	2011 $'000
Revenue from the sale of services	57,669	43,548

7. Investment income

	Consolidated	
	2012 $'000	2011 $'000
Interest income:-		
Bank deposits	1,152	1,408
Available-for-sale-investments	448	713
	1,600	2,121
Dividend from equity investments	20	20
	20	20
	1,620	2,141

The following is an analysis of investment income earned on financial assets by category of asset.

	Consolidated	
	2012 $'000	2011 $'000
Available-for-sale financial assets	468	733
Loans and receivables (including cash and bank balances)	1,152	1,408
	1,620	2,141

8. Other gains and losses

	Consolidated 2012 $'000	Consolidated 2011 $'000
Gain/(loss) on disposal of available-for-sale-investments	-	30
Impairment of available-for-sale-investments	(6)	-
Net foreign exchange gains/(losses)	56	(107)
	50	(77)

No other gains or losses have been recognised in respect of loans and receivables or held-to-maturity investments, other than disclosed in notes 10 and 11 and impairment losses recognised/reversed in respect of trade receivables .

Net foreign exchange gains/(losses) previously disclosed as other expenses now classified as other gains and losses

9. Income taxes

	Consolidated 2012 $'000	Consolidated 2011 $'000
Current tax		
Current tax expense in respect of the current year	5,528	4,077
	5,528	4,077
Deferred tax		
Deferred tax expense recognised in the current year	156	303
	156	303
Total income tax expense recognised in the current year	5,684	4,380

The income tax expense for the year can be reconciled to the accounting profit as follows:-

	Consolidated 2012 $'000	Consolidated 2011 $'000
Profit before tax from operations	19,297	15,386
Income tax expense calculated at 30% (2011: 30%)	5,789	4,616
Effect of overseas associates expenses not deductible	150	80
Effect of overseas subsidiaries expenses not deductible	(39)	(45)
Effect of previously unrecognised overseas tax losses not recognised as deferred tax assets	-	(40)
Effect of expenses that are not deductible in determining taxable profit	101	-
Effect of utilised franking credits	-	(6)
Effect of R&D tax incentives	(321)	(212)
Capital allowance	4	(13)
Adjustments recognised in the current year in relation to the current tax of prior years	-	-
	5,684	4,380

The tax rate used for the 2012 and 2011 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

Current tax assets and liabilities

	Consolidated 2012 $'000	Consolidated 2011 $'000
Current tax liabilities		
Income tax payable	1,152	1,029
Other	-	-
	1,152	1,029

9. Income taxes (cont'd)

Deferred tax balances

Deferred tax assets/(liabilities) arise from the following:

2012	Consolidated Opening balance $'000	Under/over provision $'000	Recognised in profit or loss $'000	Recognised in comprehensive income $'000	Recognised directly in equity $'000	Closing balance $'000
Deferred tax liability						
Interest receivable	(71)	-	43	-	-	(28)
Other assets	-	-	(16)	-	-	(16)
Intangibles	(1,973)	-	(558)	-	-	(2,531)
	(2,044)	**-**	**(531)**	**-**	**-**	**(2,575)**
Deferred tax asset						
Financial assets	16	-	10	-	-	26
Associates	-	-	17	-	-	17
Allowance for doubtful debts	5	-	20	-	-	25
Sundry expense accruals	14	-	253	-	-	267
Provision for employee benefits	175	-	-	-	-	175
Expenses deductible over 5 years	127		(77)			50
Capital allowance	2,117	-	(75)	-	-	2,042
	2,454	**-**	**148**	**-**	**-**	**2,602**
Unused tax losses and credits	208	-	227	-	-	435
	2,662	**-**	**375**	**-**	**-**	**3,037**

2011	Consolidated Opening balance $'000	Under/over provision $'000	Recognised in profit or loss $'000	Recognised in comprehensive income $'000	Recognised directly in equity $'000	Closing balance $'000
Deferred tax liability						
Interest receivable	-		(71)	-	-	(71)
Intangibles	(1,578)	-	(395)	-	-	(1,973)
	(1,578)	**-**	**(466)**	**-**	**-**	**(2,044)**
Deferred tax asset						
Financial assets	16	-	-	-	-	16
Allowance for Doubtful debts	-	-	5	-	-	5
Sundry expense accruals	29	-	(15)	-	-	14
Provisions	25	-	150	-	-	175
Expenses deductible over 5 years	203	-	(76)	-	-	127
Capital allowance	2,226	-	(109)	-	-	2,117
	2,499	**-**	**(45)**	**-**	**-**	**2,454**
Unused tax losses and credits	-	-	208	-	-	208
	2,499	**-**	**163**	**-**	**-**	**2,662**

Tax consolidation

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 1July 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 are identified in note 28. 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).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the Consolidated Entity in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

9. Income taxes (cont'd)

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.

10. Profit for the year

Profit for the year from operations is attributable to:-

	Consolidated	
	2012 $'000	2011 $'000
Owners of the Company	13,757	11,115
Non-controlling interests	(144)	(109)
	13,613	11,006

	Consolidated	
	2012 $'000	2011 $'000
Impairment losses on financial assets		
Impairment loss recognised on trade receivables	34	7
Impairment loss recognised on available-for-sale-equity investments	6	-
	40	7
Depreciation and amortisation expense		
Depreciation of property, plant and equipment	423	311
Amortisation of intangible assets	139	128
	562	439
Research and development costs expensed as incurred	1,347	599
Employee benefits expense		
Share-based payments	250	-
Termination benefits	-	-
Other employee benefits	9,813	8,495
	10,063	8,495
Due diligence costs expensed as incurred	14	250
Operating lease expense	441	385

11. Trade and other receivables

	Consolidated 2012 $'000	Consolidated 2011 $'000
Trade receivables	4,594	2,260
Allowance for doubtful debts	(80)	(46)
Other	126	123
	4,640	**2,337**

The average credit period for trade receivables is 30 to 90 days. 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 and as such has provided for all balances over 90 days and any of those over 30 days that may be considered potentially irrecoverable. Trade receivables are non-interest bearing.

Age of trade receivables that are past due but not impaired:-

	Consolidated 2012 $'000	Consolidated 2011 $'000
31-60	842	611
61-90	247	75
91-120	11	-
Total	1,100	686

Movement in the allowance for doubtful debts:

	Consolidated 2012 $'000	Consolidated 2011 $'000
Balance at the beginning of the year	46	100
Impairment losses recognised on receivables	34	-
Impairment losses reversed	-	(54)
Balance at the end of the year	80	46

12. Other financial assets

	Consolidated 2012 $'000	Consolidated 2011 $'000
Available-for-sale investments carried at fair value:		
Current		
Floating rate notes (i)	-	9,194
Non-current		
Shares in unlisted companies (ii)	200	200
Shares in listed companies	5	11
	205	211
	205	9,405
Disclosed in the financial statements as:		
Current other financial assets	-	9,194
Non-current other financial assets	205	211
	205	**9,405**

(i) The Consolidated Entity no longer hold (2011: $9.194M) ANZ and Commonwealth Bank AA rated floating rate notes. These attracted interest at a premium to the 90 day bank bill swap rate with interest paid and the rate reset quarterly.

(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 Taguchimarketing Pty Ltd as the day-to-day running of the business is not under the influence of the Consolidated Entity.

13. Other assets

	Consolidated	
	2012 $'000	**2011 $'000**
Current		
Prepayments	744	47
Other	11	-
	755	47
Non-current		
Prepayments	-	-
Other	-	-
	-	-
	755	47

14. Property, plant and equipment

	Consolidated	
	2012 $'000	**2011 $'000**
Carrying amounts of:		
Plant and equipment	969	1,065
	969	1,065

	Consolidated					
	Software at cost $'000	**Computer Equipment at cost $'000**	**Furniture & Fittings at cost $'000**	**Office Equipment at cost $'000**	**Leasehold Improvements at cost $'000**	**Total $'000**
Gross carrying amount						
Balance as at 30 June 2010	335	1,054	137	135	375	2,036
Additions	178	87	7	8	16	296
Disposals	(18)	(27)	(19)	(22)	(9)	(95)
Balance at 30 June 2011	495	1,114	125	121	382	2,237
Additions	238	65	-	23	-	326
Disposals	-	-	-	-	-	-
Net foreign currency exchange differences	-	1	-	-	-	1
Balance at 30 June 2012	733	1,180	125	144	382	2,564
Accumulated depreciation/ amortisation and impairment						
Balance at 30 June 2010	(171)	(567)	(48)	(40)	(84)	(910)
Disposals	10	17	10	9	3	49
Depreciation expense	(70)	(174)	(13)	(13)	(41)	(311)
Balance at 30 June 2011	(231)	(724)	(51)	(44)	(122)	(1,172)
Disposals	-	-	-	-	-	-
Depreciation expense	(132)	(223)	(16)	(13)	(39)	(423)
Net foreign currency exchange differences	-	-	-	-	-	-
Balance at 30 June 2012	(363)	(947)	(67)	(57)	(161)	(1,595)
Carrying amounts						
As at 30 June 2011	264	390	74	77	260	1,065
As at 30 June 2012	370	233	58	87	221	969

15. Intangible assets

	Consolidated				
	Capitalised development $'000	Capitalised development under construction $'000	Domain names $'000	Identifiable intangibles $'000	Total $'000
Balance at 1 July 2010	6,788	-	-	370	7,158
Additions	1,110	-	-	123	1,233
Other	-	-	-	-	-
Balance at 30 June 2011	7,898	-	-	493	8,391
Additions	1,806	805	172	86	2,869
Effect of foreign currency exchange differences	-	-	-	(32)	(32)
Other	-	-	-	-	-
Balance at 30 June 2012	9,704	805	172	547	11,228
Accumulated amortisation and impairment					
Balance at 1 July 2010	(584)	-	-	(27)	(611)
Amortisation expense	-	-	-	(128)	(128)
Balance at 30 June 2011	(584)	-	-	(155)	(739)
Amortisation expense	(32)	-	-	(107)	(139)
Effect of foreign currency exchange differences	-	-	-	15	15
Other	-	-	-	-	-
Balance at 30 June 2012	(616)	-	-	(247)	(863)
Carrying amount					
As at 30 June 2011	7,314	-	-	338	7,652
As at 30 June 2012	9,088	805	172	300	10,365

The following useful lives are used in the calculation of amortisation.

Capitalised development	25 years
Domain names	10 years
Identifiable intangibles	3 years

The capitalised development intangible assets represent Webjet's Travel Service Aggregator (TSA) (internet booking platform) and licences. These intangible assets have a useful life of 25 years.

An annual value in use impairment assessment was performed in the current year. With no growth in cash flows in the Australia and New Zealand operating segment over the next 5 years using a discount rate of 12.5%, there is no indication of impairment.

The other identifiable intangible assets with a carrying value of $300,000 are a combination of (i) assets acquired through the interest in the subsidiary of Webjet Marketing North America LLC representing contracts of supply, customer databases, technology licences, intellectual property and goodwill generated from the combination of the two equity holders to the Webjet Marketing North America LLC formation and (ii) website development costs. The total cost of these assets is $547,000 of which $421,000 are amortised on a straight-line basis over their estimated useful lives. The remaining $126,000 represent the intellectual property acquired in the combination and consequently is assessed as having an indefinite useful life.

16. Trade and other payables

	Consolidated	
	2012 $'000	2011 $'000
Trade payables	14,358	8,411
Other	2,098	2,634
	16,456	11,045

The credit period on trade payables ranges from 7 to 60 days. No interest is payable on trade payables.

17. Other financial liabilities

	Consolidated	
	2012 $'000	2011 $'000
Foreign currency forward contracts	13	11
	13	11

18. Provisions

	Consolidated	
	2012 $'000	2011 $'000
Current		
Employee benefits (i)	558	415
Other	28	-
	586	415
Non-current		
Employee benefits	27	10
Other	-	-
	27	10
	613	425

(i) The current provision for employee benefits for the Consolidated Entity includes $100,000 of vested long service leave entitlements accrued but not expected to be taken within 12 months.

19. Other liabilities

	Consolidated	
	2012 $'000	2011 $'000
Current		
Deferred revenue (i)	28	55
	28	55
Non-current		
Other	-	-
	-	-
	28	55

(i) 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.

20. Issued capital

	Consolidated	
	2012 $'000	2011 $'000
71,065,929 fully paid ordinary shares (2011: 75,815,091)	11,042	23,214
	11,042	23,214

Changes to the then Corporations Act abolished the authorised capital and par value concept in relation to share capital from 1 July 1998.

	2012		2011	
	No. '000	$'000	No. '000	$'000
Fully paid ordinary shares				
Balance at beginning of financial year	75,815	23,214	76,862	25,674
Issue of shares under employee share plan	705	944	1,100	1,483
Transfer from equity-settled employee benefits reserve	-	84	-	385
Share buy-back	(5,454)	(13,200)	(2,147)	(4,328)
Balance at end of financial year	71,066	11,042	75,815	23,214

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

20. Issued capital (cont'd)

Share options granted under the employee share option plan carry no rights to dividends and no voting rights. The shares bought back in the current year were cancelled. Further details of the employee share option plan are contained in note 33 to the financial statements.

21. Reserves (net of income tax)

	Consolidated 2012 $'000	Consolidated 2011 $'000
Equity-settled employee benefits	250	740
Foreign currency translation	(189)	(83)
	61	657

	Consolidated 2012 $'000	Consolidated 2011 $'000
Equity-settled employee benefits reserve		
Balance at beginning of financial year	740	1,125
Options expensed	250	-
Options exercised and transferred out	(740)	(385)
Balance at end of financial year	250	740

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.

	Consolidated 2012 $'000	Consolidated 2011 $'000
Foreign currency translation reserve		
Balance at beginning of financial year	(83)	58
Exchange differences arising on translating the net assets of foreign operations	(106)	(141)
Balance at end of financial year	(189)	(83)

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.

22. Retained earnings

	Consolidated 2012 $'000	Consolidated 2011 $'000
Balance at beginning of financial year	16,154	13,155
Profit attributable to owner of the Company	13,757	11,115
Payment of dividends	(8,771)	(8,116)
Cancelled options transferred to retained earnings	656	-
Balance at end of financial year	21,796	16,154

23. Earnings per share

	Consolidated 2012 Cents per share	Consolidated 2011 Cents per share
Basic earnings per share		
From continuing operations	18.81	14.41
From discontinued operations	-	-
Total basic earnings per share	18.81	14.41
Diluted earnings per share		
From continuing operations	18.79	14.33
From discontinued operations	-	-
Total diluted earnings per share	18.79	14.33

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2012 $'000	2011 $'000
Profit for the year attributable to owners of the Company	13,757	11,115
Other	-	-
Earnings used in the calculation of basic EPS	13,757	11,115
Adjustments to exclude profit for the period from discontinued operations	-	-
Earnings used in the calculation of basic EPS from continuing operations	13,757	11,115

	2012 No.'000	2011 No.'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	73,122	77,139

Diluted earnings per share

The earnings used in the calculation of diluted earnings per share is as follows:

	2012 $'000	2011 $'000
Profit for the year attributable to owners of the Company	13,757	11,115
Other	-	-
Earnings used in the calculation of diluted EPS	13,757	11,115
Adjustments to exclude profit for the period from discontinued operations	-	-
Earnings used in the calculation of diluted EPS from continuing operations	13,757	11,115

	2012 No.'000	2011 No.'000
Weighted average number of ordinary shares used in the calculation of basic EPS	73,122	77,139
Shares deemed to be issued for no consideration in respect of:		
Employee options	86	445
Other		
Weighted average number of ordinary shares used in the calculation of diluted EPS	73,208	77,584

There are 2,000,000 potential ordinary shares that are not considered dilutive and therefore have not been included in the weighted average number of shares for the purposes of diluted earnings per share.

24. Dividends on equity instruments

	2012		2011	
	Cents per share	Total $'000	Cents per share	Total $'000
Recognised amounts				
Fully paid ordinary shares				
Interim dividend for 2012:	6.0	4,341	5.0	3,853
Final dividend for 2011:	6.0	4,430	5.5	4,263
	12.0	8,771	10.5	8,116
Unrecognised amounts				
Fully paid ordinary shares				
Final dividend for 2012:	7.0	4,975	6.0	4,430

The directors have declared a fully franked final dividend of 7.0 cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2012, to be paid to shareholders on 5 October 2012. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is $4.97M.

	Consolidated	
	2012 $'000	2011 $'000
Adjusted franking account balance	5,682	3,836
Impact on franking account balance of dividends not recognised	(2,132)	(1,950)
	3,550	1,886

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.

25. Contingent liabilities and contingent assets

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

26. Operating lease arrangements

Leasing arrangements

The office lease is a non-cancellable three year lease expiring 13 February 2013. Rent is payable monthly in advance.

The company also has a rental agreements for office equipment which have less than a year to expire. Rent is payable monthly in advance.

Payments recognised as an expense

	Consolidated	
	2012 $'000	2011 $'000
Minimum lease payments	441	385
Contingent rentals	-	-
Sub-lease payments received	-	-
	441	385

Non-cancellable operating lease commitments

	Consolidated	
	2012 $'000	2011 $'000
Not longer than 1 year	273	420
Longer than 1 year and not longer than 5 years	5	738
Longer than 5 years	-	-
	278	1,158

27. Commitments for expenditure

Capital expenditure commitments

	Consolidated 2012 $'000	Consolidated 2011 $'000
Plant and equipment	-	-
Intangible assets	-	-
Consolidated Entity's share of associates and equity accounted jointly controlled entities' capital commitments	-	-
Consolidated Entity's share of jointly controlled entities' capital commitments	-	-

28. Subsidiaries

Name of subsidiary	Country of incorporation	Proportion of owners interest and voting power held by the Consolidated Entity 2012 %	Proportion of owners interest and voting power held by the Consolidated Entity 2011 %
Webjet Marketing Pty Ltd	Australia	100	100
Webjet Operations (Australia) Pty Ltd	Australia	100	100
PlanitonEarth Pty Ltd	Australia	100	100
Webjet USA Holdings Inc	United States of America	100	100
Webjet Marketing North America LLC	United States of America	50	50
Webjet Marketing NZ Pty Limited	New Zealand	100	100
Webjet Hotels NZ Pty Ltd	New Zealand	100	-
Webjet UK Limited	United Kingdom	100	-
Webjet Hotels Limited	Hong Kong	100	-

Webjet Limited is the head entity within the tax-consolidated group. The fully-owned Australian subsidiaries above are all part of the tax-consolidated group.

Webjet Ltd holds a 50% interest in Webjet Marketing North America LLC, through its 100% owned subsidiary Webjet USA Holdings Inc. Although Webjet Marketing North America LLC has a CEO in the US controlling its operations, the power of veto on key decisions and ultimate control of the company lies in its Chairman, David Clarke, a member of the Webjet Ltd Board, and hence, the company is a subsidiary of Webjet Ltd.

29. Investments in Associates

Name of associate	Country of incorporation	Proportion of owners interest and voting power held by the Consolidated Entity 2012 %	Proportion of owners interest and voting power held by the Consolidated Entity 2011 %
Westweb Holdings Limited (i)	British Virgin Islands	50	50
Webjet Singapore Limited (ii)	Singapore	50	50
Webjet Hong Kong Limited (iii)	Hong Kong	50	50
Webjet Europe Ltd (iv)	Malta	50	50

(i) Webjet Ltd holds a 50% interest in Westweb Holdings Limited with Hong Kong based Westminster Travel holding the remaining 50% interest. The directors of Webjet Ltd do not have the ability to control the operations of Westweb Holdings Limited. The financial year end date of Westweb Holdings Limited is 30 June 2012. This was the reporting date established when that company was incorporated. For the purpose of applying the equity method of accounting, the financial statements of Westweb Holdings Limited for the year ended 30 June 2012 have been used.

29. Investments in Associates (cont'd)

(ii) Webjet Singapore Limited is a wholly owned subsidiary of Westweb Holdings Limited. The financial year end date of Webjet Singapore Limited is 30 June 2012. This was the reporting date established when that company was incorporated. For the purpose of applying the equity method of accounting, the financial statements of Webjet Singapore Limited for the year ended 30 June 2012 have been used.

(iii) Webjet Hong Kong Limited is a wholly owned subsidiary of Westweb Holdings Limited. The financial year end date of Webjet Hong Kong Limited is 30 June 2012. This was the reporting date established when that company was incorporated. For the purpose of applying the equity method of accounting, the financial statements of Webjet Hong Kong Limited for the year ended 30 June 2012 have been used.

(iv) Webjet Operations (Australia) Pty Ltd, a wholly owned subsidiary of Webjet Ltd, holds a 50% interest in Webjet Europe Ltd with World Aviation Services Limited holding the remaining 50% interest. Webjet Ltd and the directors of Webjet Ltd do not have the ability to control the operations of Webjet Europe Ltd. The financial year end date of Webjet Europe Ltd is 30 June 2012. This was the reporting date established when that company was incorporated. For the purpose of applying the equity method of accounting, the financial statements of Webjet Europe Ltd for the year ended 30 June 2012 have been used.

Summarised financial information in respect of the Consolidated Entity's associates is set out below.

	2012 $'000	2011 $'000
Total assets	620	671
Total liabilities	(504)	(611)
Net assets	116	60
Consolidated Entity's share of net assets of associates	58	30

	Year ended 30 June 2012 $'000	Year ended 30 June 2011 $'000
Total revenue	265	43
Total profit/(loss) for the year	(1,000)	(546)
Consolidated Entity's share of profits/(losses) of associates	(500)	(273)

30. Non-controlling interests

	Consolidated	
	2012 $'000	2011 $'000
Balance at beginning of year	190	300
Share of profit/(loss) for the year	(136)	(110)
Balance at end of year	54	190

31. Cash and cash equivalents

(a) Reconciliation of cash and cash equivalents

For the purposes of the consolidated statement of cashflows, cash and cash equivalents includes cash on hand in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	Consolidated	
	2012 $'000	2011 $'000
Cash and bank balances	33,761	31,626
Bank overdraft	-	-
	33,761	31,626

31. Cash and cash equivalents (cont'd)

(b) Reconciliation of profit for the period to net cash flows from operating activities

	Consolidated	
	2012 $'000	**2011 $'000**
Profit for the year	13,613	11,006
(Profit)/Loss on sale of investments	-	(30)
(Profit)/Loss on sale of property, plant & equipment	-	46
Impairment of non-current assets	6	-
Amortisation of intangible assets	139	128
Depreciation of plant and equipment	423	311
Share of losses from associates	500	273
Options expense	250	-
Provision for doubtful debts	34	(54)
Dividend	(20)	(20)
Foreign exchange translation	(84)	(140)
Changes in assets and liabilities		
Decrease/(increase) in trade, term and intercompany receivables	(2,319)	(165)
Decrease/(increase) in prepayments	(709)	72
Decrease/(increase) in deferred tax	155	305
Increase/(decrease) in trade payables and accruals	5,414	3,356
Increase/decrease) in provisions	189	(254)
Increase/(decrease) in tax liability	122	(186)
Increase/(decrease) in other liabilities	(24)	66
Net cash generated from operating activities	17,689	14,714

32. Financial instruments

(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. At present the Consolidated Entity has no financial debt other than that disclosed in the statement of financial position representing liabilities incurred in the normal course of operations. 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.

(b) Categories of financial instruments

	Consolidated	
	2012 $'000	**2011 $'000**
Financial assets		
Fair value through profit or loss (FVTPL):		
Held for trading	-	-
Designated as at FVTPL	-	-
Derivative instruments in designated hedge accounting relationships	-	-
Held-to-maturity investments	-	-
Loans and receivables	4,640	2,337
Cash and cash equivalents	33,761	31,626
Available-for-sale financial assets (1)	205	9,435
Financial liabilities		
Fair value through profit or loss (FVTPL):		
Held for trading	-	-
Designated as at FVTPL	-	-
Foreign currency forward contracts	13	11
Amortised cost	16,456	11,045
Financial guarantee contracts	-	-

(1) Shares in Taguchi Marketing Pty Ltd and shares in Qantas Ltd, investments in associates.

32. Financial instruments (cont'd)

(c) Financial risk management objectives
The Consolidated Entity's financial instruments consist of deposits with banks and trade receivables incurred in the normal course of operations. The Consolidated Entity has entered into a US dollar and NZ dollar forward contracts to assist in minimising the foreign exchange fluctuations.

The senior executives of the Consolidated Entity meet regularly to analyse foreign currency and interest rate exposure to determine if the current treasury policy is appropriate in the current economic climate.

(d) Market risk
The Consolidated Entity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Consolidated Entity analyses its risk by completing sensitivity testing on its foreign currency and interest rate exposures and determining the potential impact on its effected expenses and revenue of movements in these rates. If the potential variance is material then management may seek to minimise this exposure but it does not consider this to be the case at this time.

(e) Foreign exchange
The Consolidated Entity has US dollar (USD) currency foreign exchange exposure with a forward contract receivable for A$981,000 and cash in the bank of A$863,000.

The Consolidated Entity has New Zealand dollar (NZD) currency foreign exchange exposure with cash in the bank of A$270,000, term deposits of A$78,000 and receivables of A$85,000.

The Consolidated Entity has Hong Kong dollar (HKD) currency foreign exposure with an investment in WestWeb Holding Limited being carried at a value of A$58,000.

The Consolidated Entity has British pound (GBP) currency foreign exposure with cash in the bank of A$203,000.

The carrying amount of the Consolidated Entity's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Liabilities		Assets	
In Foreign Currency	**2012 '000**	**2011 '000**	**2012 '000**	**2011 '000**
USD	827	117	2,065	1,204
NZD	798	532	554	1,205
HKD	-	-	6,550	30
GBP	-	-	132	150

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 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 a 10% weakening of the Australian dollar against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

	USD impact		NZD impact		HKD impact		GBP impact	
	2012 ($'000)	**2011 ($'000)**	**2012 ($'000)**	**2011 ($'000)**	**2012 ($'000)**	**2011 ($'000)**	**2012 ($'000)**	**2011 ($'000)**
Profit or loss	135	120	(21)	75	92	3	23	17
Other equity	-	-	-	-	-	-	-	-

Interest Rates
The Consolidated Entity does not hedge its exposure to interest rate movements and does not invest in fixed interest financial instruments. At 30 June 2012 it had $33.8M (2011: $40.8M) in cash, floating rate notes and deposits. The average interest rate on all deposits for 2012 was 4.39% (2011: 5.40%).

32. Financial instruments (cont'd)

Interest received for the Consolidated Entity for 2012 was $1.60M. A table showing the sensitivity of this number to interest rate movements is detailed below.

Average Interest Rates	Income ($000)	Variance to actual ($'000)
4.39% (Actual)	**1,600**	-
4.89% (+0.5%)	1,789	189
5.39% (+1.0%)	1,972	372
3.89% (-0.5%)	1,423	(177)
3.39% (-1.0%)	1,240	(360)

Management has considered that both a positive and negative 1% variance is sufficient to illustrate the potential variations in interest income.

The Consolidated Entity no longer hold floating rate notes as at 30 June 2012 (2011: $9.19M), the notes were AA rated issued by the ANZ and Commonwealth Bank.

(f) Credit risk management

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 exposure and the credit ratings of its counterparties are continuously monitored. The Consolidated Entity measures credit risk on a fair value basis.

The majority of the trade receivables are with debtors that operate in the travel industry. Specifically, the Consolidated Entity has a concentration of credit risk with companies in the airline industry, which at 30 June 2012 totalled $1.7M (2011: $1.4M) and also the Hotel Supplier Industry which at 30 June 2012 totalled $1.0M (2011: nil).

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

(g) Liquidity risk management

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

The Consolidated Entity's non-interest bearing liabilities as at 30 June 2012 of $16.5M (2011: $11.1M) are expected to be settled within one month after the reporting period.

(h) Fair value of financial instruments

Fair value of financial instruments carried at amortised cost

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statement approximate their fair values.

Fair value measurements recognised in the consolidated statement of financial position

The directors consider that the carrying amount of financial instruments recorded in the financial statements approximates their fair values.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, Consolidated Entityed into Level 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

32. Financial instruments (cont'd)

	30 June 2012			
	Level 1 $'000	Level 2 $'000	Level 3 '$000	Total $'000
Listed equities	5	-	-	5
	5	-	-	5
Financial liabilities designated at fair value through profit or loss	-	13	-	13
	-	13	-	13

	30 June 2011			
	Level 1 $'000	Level 2 $'000	Level 3 '$000	Total $'000
Floating rate notes	9,194	-	-	9,194
Listed equities	11	-	-	11
	9,205	-	-	9,205
Financial liabilities designated at fair value through profit or loss	-	11	-	11
	-	11	-	11

There were no transfers between Level 1 and 2 in the period.

33. Share-based payments

Fair value of share options granted in the year

There were 3,000,000 options issued during the year ending 30 June 2012. Options granted to John Guscic in the 2012 financial year were independently valued by Leadenhall VRG Pty Ltd in a report dated 2 November 2011.

The weighted average fair value of the share options granted during the financial year is $0.21 (2011: nil). Options were priced using the Black-Scholes option pricing formula. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on historical share price volatility over the past 5 years. To allow for the effects of early exercise, it was assumed the valuation uses an estimate of the expected life of the option.

These option valuations used the following inputs:-

Inputs into the model	Tranche 1	Tranche 2	Tranche 3
Spot price of underlying share	$2.26	$2.26	$2.26
Exercise price	$2.60	$3.10	$3.80
Risk free rate	3.91%	4.00%	4.09%
Volatility	30.0%	32.5%	37.5%
Dividend yield	6.0%	6.0%	6.0%
Vesting date	01/09/2012	01/09/2013	01/09/2014
Vesting period	10 months	22 months	34 months
Grant date	19/10/2011	19/10/2011	19/10/2011
Expiry date	30/06/2015	30/06/2016	30/06/2017
Total life	44 months	56 months	68 months
Expected life	27 months	39 months	51 months

33. Share-based payments (cont'd)

Employee share option plan

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

Options 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	$3.10	$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	$3.80	$0.22

(c) Tranche 1 – Vests if Company achieves board determined budget for 2012. Tranche 2 – Vests if Company achieves board determined budget for 2013. Tranche 3 – Vests if Company achieves board determined budget for 2014.

(d) Tranche 1 – Vests if remains in employment at 30 June 2012. Tranche 2 – Vests if remains in employment at 30 June 2013. Tranche 3 – Vests if remains in employment at 30 June 2014.

The following reconciles the outstanding share options granted under the employee share option plan at the beginning and end of the financial year:

	2012		2011	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of the financial year	705,000	1.3389	1,805,000	1.3445
Granted during the financial year	3,000,000	3.1667	-	-
Forfeited during the financial year	-	-	-	-
Exercised during the financial year (i)	(705,000)	1.3389	(1,100,000)	1.3480
Expired during the financial year	-	-	-	-
Balance at end of the financial year (ii)	3,000,000	3.1667	705,000	1.3389
Exercisable at end of the financial year	-	-	705,000	1.3389

(i) Exercised during the financial year

The following share options granted under the employee share option plan were exercised during the financial year:

2012 Options series	Number exercised	Exercise date	Share price at exercise date	Option price at exercise date $
John Lemish	375,000	30/08/2011	$1.98	$1.3365
Richard Noon	70,000	19/09/2011	$1.95	$1.3480
Richard Noon	80,000	05/10/2011	$1.89	$1.3480
David Clarke	100,000	02/11/2011	$2.40	$1.3365
David Clarke	80,000	04/11/2011	$2.43	$1.3365

2011 Options series	Number exercised	Exercise date	Share price at exercise date	Option price at exercise date $
Richard Noon – Tranche 3	100,000	31/08/2010	$2.15	$1.3480
Richard Noon – Tranche 3	100,000	21/09/2010	$2.36	$1.3480
Richard Noon – Tranche 3	300,000	18/10/2010	$2.63	$1.3480
Richard Noon – Tranche 3	300,000	25/11/2010	$2.26	$1.3480
Richard Noon – Tranche 3	300,000	09/02/2011	$2.11	$1.3480

(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 $3.17 (2011: $1.34), and a weighted average remaining contractual life of 4.0 years (2011: 1.3 years).

34. Key management personnel compensation

Details of key management personnel

The directors and other members of key management personnel of the Consolidated Entity during the year were:

- David Clarke (Non-Executive Chairman)
- John Guscic BEc, MBA (Managing Director)
- Don Clarke LLB (Hon) (Non-Executive Deputy Chairman)
- Allan Nahum FCA, FICD, AAISA, (Non-Executive Director)
- Christopher Newman BEc, BComm (Non-Executive Director)
- Steven Scheuer BBus (Acc) (Non-Executive Director)
- Richard Noon FCPA, B Bus, Grad Dip (Acc), (Finance Director)
- Shelley Beasley BA (Comm), Grad Dip (Strategy) (Chief Operating Officer)
- Mathias Friess (Chief Executive Officer, Webjet North America LLC)
- Tim Wagg MBA (General Manager, Customer Operations)

Key management personnel compensation

The aggregate compensation made to key management personnel of the company and the Consolidated Entity is set out below:

	Consolidated	
	2012 **$**	**2011** **$**
Short-term employee benefits	2,545,018	2,354,554
Post-employment benefits	240,482	222,647
Other long-term benefits	-	317,305
Termination benefits	-	-
Share-based payment	250,309	-
	3,035,809	2,894,506

There were 3,000,000 share options or tax deferred shares granted during the year ended 30 June 2012 (2011: nil tax deferred shares)

Further details of the directors and senior executives compensation is contained within the remuneration report on page 6.

35. Related party transactions

(a) Transactions with key management personnel

There were no transactions or loans between the company and key management personnel other than those disclosed below in related party transactions.

(b) Key management and directors equity holdings

The following shares are either held directly or via an associated party.

35. Related party transactions (cont'd)

Fully paid ordinary shares of Webjet Limited

	Balance at 30 June 2011 No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 30 June 2012 No.
2012					
David Clarke	15,443	-	180,000	(180,000)	15,443
John Guscic	159,450	-	-	-	159,450
Don Clarke	10,000	-	-	-	10,000
Allan Nahum	100,000	-	-	-	100,000
Chris Newman	900,000	-	-	(700,000)	200,000
Steven Scheuer	6,349,785	-	-	(1,360,000)	4,989,785
Richard Noon	2,235,000	-	150,000	(236,900)	2,148,100
Shelley Beasley	-	-	-	99,724	99,724
Mathias Friess	-	-	-	-	-
Tim Wagg	10,000	-	-	-	10,000

	Balance at 30 June 2010 No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 30 June 2011 No.
2011					
David Clarke	15,443	-	-	-	15,443
John Guscic	54,450	-	-	105,000	159,450
Don Clarke	10,000	-	-	-	10,000
Allan Nahum	100,000	-	-	-	100,000
Chris Newman	900,000	-	-	-	900,000
Steven Scheuer	6,349,785	-	-	-	6,349,785
Richard Noon	2,025,000	-	1,100,000	(890,000)	2,235,000
Shelley Beasley	-	-	-	-	-
Mathias Friess	-	-	-	-	-
Tim Wagg	10,000	-	-	-	10,000

Share options of Webjet Limited

	Balance at 30 June 2011 No.	Granted as compen-sation No.	Exercised No.	Net other change No.	Bal at 30 June 2012 No.	Bal vested at 30 June 2012 No.	Vested but not exerci-sable No.	Vested and exerci-sable No.	Options vested during year No.
2012									
David Clarke	180,000	-	(180,000)	-	-	-	-	-	-
Richard Noon	150,000	-	(150,000)	-	-	-	-	-	
John Guscic	-	3,000,000	-	-	3,000,000	-	-	-	-

	Balance at 30 June 2010 No.	Granted as compen-sation No.	Exercised No.	Net other change No.	Bal at 30 June 2011 No.	Bal vested at 30 June 2011 No.	Vested but not exerci-sable No.	Vested and exerci-sable No.	Options vested during year No.
2011									
David Clarke	180,000	-	-	-	180,000	180,000	-	180,000	-
Richard Noon	1,250,000	-	(1,100,000)	-	150,000	150,000	-	150,000	-

All share options issued to key management personnel were made in accordance with the provisions of the employee share option plan.

During the financial year 330,000 options (2011: 1,100,000) were exercised by key management personnel at exercise prices of $1.3365 and $1.348 per option for ordinary 330,000 shares in Webjet Limited (2011: 1,100,000) No amounts remain unpaid on the options exercised during the financial year at year end.

35. Related party transactions (cont'd)

(c) Transactions with other related parties
Transactions between Webjet Ltd and its related parties
Minter Ellison Lawyers of which Don Clarke is a principal was paid a total $195,706 (2011: $279,786) during the year. All transactions were conducted on a commercial arm's length basis and charged accordingly. An amount of $32,450 was owed as at 30 June 2012 (2011: nil) to Minter Ellison Lawyers.

36. Remuneration of auditors

	Consolidated	
	2012 $	**2011 $**
Auditor of the parent entity		
Audit or review of the financial report	90,000	75,850
	90,000	75,850
Network firm of the parent entity auditor		
Preparation of the tax return	21,605	20,455
Other non-audit services (R&D)	-	12,100
	21,605	32,555

The auditor of Webjet Limited is BDO.

37. Events after the reporting period

A final dividend of 7.0 cents per share, fully franked has been declared by the directors for payment 5 October 2012.

Webjet has entered into a long term technology and brand licensing agreement in South Africa with The Bidvest Group Limited, which will result in licence payments to Webjet, which are deemed to be commercially sensitive.

38. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to note 3 for a summary of the significant accounting policies relating to the Consolidated Entity.

	30 June 2012 $'000	30 June 2011 $'000
Financial position		
Assets		
Current assets	7,949	24,389
Non-current assets	17,965	16,306
Total assets	25,914	40,695
Liabilities		
Current liabilities	11,772	15,289
Non-current liabilities	2,541	2,026
Total liabilities	14,313	17,315
Equity		
Issued capital	11,042	23,214
Retained earnings	444	(440)
Reserves		
Equity settled employee benefits	250	740
Foreign currency translation	(135)	(134)
Total equity	11,601	23,380

	30 June 2012 $'000	30 June 2011 $'000
Financial performance		
Profit for the year	8,960	6,534
Other comprehensive income	(57)	(192)
Total comprehensive income	8,903	6,342

	30 June 2012 $'000	30 June 2011 $'000
Commitments for the acquisition of property, plant and equipment by the parent entity		
Not longer than 1 year	-	-
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	-	-

39. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 8 August 2012.

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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 statement of financial position as at 30 June 2012, 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 3, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, 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 entity'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 entity'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 2012 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 3.

REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in pages 5 to 10 of the directors' report for the year ended 30 June 2012. 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 2012 complies with section 300A of the *Corporations Act 2001*.

BDO

BDO (SA)

Paul Gosnold

Paul Gosnold
Partner

8 August 2012

Additional securities exchange information as at 30 June 2012

Number of holders of equity securities

Ordinary share capital

71,065,929 fully paid ordinary shares are held by 3,523 individual shareholders.

All issued ordinary shares carry one vote per share.

Options

3,000,000 options are held by 1 individual option holders.

Options do not carry a right to vote.

Distribution of holders of equity securities

	Fully paid ordinary shares	Options
1 – 1,000	581,841	-
1,001 – 5,000	4,440,369	-
5,001 – 10,000	3,670,302	-
10,001 – 100,000	10,349,059	-
100,001 and over	52,024,358	3,000,000
	71,065,929	3,000,000
Holding less than a marketable parcel	-	-

Substantial shareholders

Ordinary shareholders	Fully paid ordinary shares Number
Thorney Holdings Pty Ltd and associated entities	10,000,000
Allard Partners Limited	6,706,698
Paradice Investment Management Pty Ltd	5,674,837
	22,381,535

Twenty largest holders of quoted equity securities

Ordinary shareholders	Fully paid ordinary shares		Partly paid ordinary shares	
	Number	Percentage	Number	Percentage
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	12,793,386	18.08	-	-
NATIONAL NOMINEES LIMITED	6,637,333	9.38	-	-
J P MORGAN NOMINEES AUSTRALIA LIMITED	5,401,164	7.63	-	-
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,865,583	6.88	-	-
MR STEVEN SCHEUER <NO 1 ACCOUNT>	3,729,860	5.27	-	-
MR JOHN LEMISH	1,802,154	2.55	-	-
MS KING-ENG TAN	1,378,949	1.95	-	-
RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	1,244,272	1.76	-	-
UBS NOMINEES PTY LTD	1,236,685	1.75	-	-
CRIMSON SKIES PTY LTD <CRIMSON SKIES S/F A/C>	1,193,100	1.69	-	-
MR JOHN LEMISH + MRS SUZANNE LEMISH <JOHN LEMISH SUPER FUND A/C>	1,149,933	1.63	-	-
MR STEVEN SCHEUER <NO 2 ACCOUNT>	1,134,925	1.60	-	-
MR CHRIS CARR + MRS BETSY CARR	875,000	1.24	-	-
MR IAN STANLEY BOOTES + MRS KYLIE BOOTES	748,750	1.06	-	-
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	645,077	0.91	-	-
SANDHURST TRUSTEES LTD <ENDEAVOR ASSET MGMT MDA>	529,155	0.75	-	-
MR RICHARD ALLAN NOON	445,000	0.63	-	-
CRIMSON SKIES PTY LTD <RICHARD NOON FAMILY A/C>	420,000	0.59	-	-
MR DEAN MAIDMENT	400,000	0.57	-	-
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	363,226	0.51	-	-
	46,993,552	66.42	-	-

Additional securities exchange information as at 30 June 2012 (cont'd)

Company secretary

John Viegas

Registered office

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492 St Kilda Road
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Principal administration office

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