

Webjet Limited
And Controlled entities



webjet limited

Webjet Limited

ABN 68 002 013 612

Annual report for the financial year ended 30 June 2015

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Corporate information

Registered Office	Share Registry
Level 2 509 St Kilda Road Melbourne Vic 3004 Phone: (03) 9820 9214 Email: webjet@webjet.com.au	Computershare Investor Services Pty Ltd Level 5 115 Grenfell Street Adelaide SA 5000 Phone: (08) 8236 2300

Principal Administrative Office	Company Secretary
Level 2 509 St Kilda Road Melbourne Vic 3004	Michael Sheehy Level 2 509 St Kilda Road Melbourne Vic 3004

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

Principal bankers	Internet Address
National Australia Bank Level 30, 500 Bourke Street Melbourne Vic 3000	www.webjet.com.au
HSBC Level 10, 333 Collins Street Melbourne Vic 3000	

Directors' report

The directors of Webjet Limited submit herewith the annual financial report of the company and controlled entities (the Consolidated Entity) for the financial year ended 30 June 2015. 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:

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. David was Managing Director of Webjet from 1999 to January 2011.

John Guscic

BEC, MBA

(Managing Director)

Former Chief Commercial Officer of GTA (a Travelport company). He has been instrumental in identifying and shaping new business ventures; forging strong, strategic 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 was a director of Webjet from 2006.

Don Clarke

LLB (Hons)

(Non-Executive Deputy Chairman)

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

Steven Scheuer

BBus (Acc), CPA

(Non-Executive Director)

After spending a number of years in public accounting practice, he established his own manufacturing and importing business using strong and well known clothing brand labels throughout Australia and New Zealand.

Roger Sharp

BA LLB

(Non-Executive Director)

Roger Sharp has more than 25 years' experience in investing, financing and running growth companies in global markets. Based in Singapore, he currently serves as a Director or Chairman of several companies including Asia Pacific Digital Limited.

Brad Holman

BCom

(Non-Executive Director)

Has over 20 years' experience working in and providing services to the travel industry, including President for Travelport's Asia Pacific, Europe, Middle East and African operations. Currently holds the role of President-International Business Unit for Blackbaud, a publicly listed US technology company.

Principal Activities

The principal activity of the Consolidated Entity is the provision of online travel booking. The Consolidated Entity's business consists of a B2C division (comprising the Webjet and ZUJI brands) and a B2B division (comprising the Lots of Hotels and SunHotels brands).

Review of Operations

During the year the company experienced a growth in total transaction value of \$299 million from \$967 million to \$1,266 million, representing a 31% increase over FY14. The net impact of the SunHotels acquisition and divestment of the controlling interest in Webjet Marketing North America LLC was a positive \$102 million contribution to the growth in total transaction value.

During the year, revenue increased by \$20.5 million to \$119.1 million, representing a 21% increase. The revenue margin at 9.4% (FY14: 10.2%) reflects a change in the company's business mix due to the growing B2B operations, as well as margin pressure experienced in ZUJI's Asian operations.

Operating costs increased by 21% to \$91.3 million and included \$1.1 million one-off costs associated with the acquisition of SunHotels and a \$1.9m loss due to foreign exchange depreciation impacting SunHotels, which with appropriate hedging is not expected to recur.

EBITDA increased by \$4.6 million to \$27.9 million, representing a 20% increase. Excluding the SunHotels acquisition costs and foreign exchange depreciation loss, the underlying EBITDA increased by \$7.6 million to \$30.9 million, representing a 45% increase.

The \$1.9 million increase in depreciation and amortisation to \$4.7 million was influenced by SunHotels, with an In-House developed Hotel transaction platform and property assets.

The SunHotels acquisition resulted in a \$0.8 million increase in financing costs to \$1.0m (FY14: \$0.2 million).

Profit before tax was \$23.2 million (FY14: \$21.1 million) and net profit after tax was \$17.5 million (FY14: \$19.1 million), with the net profit after tax influenced by higher contribution of earnings from Australia and the SunHotels European businesses.

	30 June 2015	30 June 2014	30 June 2013	30 June 2012	30 June 2011
Total transaction value (000's)	1,266	997	884	768	592
B2C bookings (000's)	1,339	1,177	1,209	1,055	902
B2B bookings (000's)	307	61	7	-	-
Net profit before tax (\$ M)	23.2	21.1	11.4	19.3	15.4
Net profit after tax (\$ M)	17.5	19.1	6.5	13.6	11.0
Operating cash flow (\$ M)	35.4	3.4	24.5	17.7	14.7

By business segment:

- B2C TTV increased by \$158 million to \$1,038 million an increase of 18%. EBITDA from continuing operations increased 8.4% to \$24.0m.
- B2B TTV increased by \$172 million to \$228 million an increase of 305%, due in part to the acquisition of SunHotels. EBITDA increased by \$4.1 million to \$3.9 million.

As at 30 June 2015, cash and equivalents were \$76.2 million (FY14: \$51.8 million). Client funds included in cash and equivalents were \$18.3m (FY14: \$18.8m).

Changes in state of affairs

On 1 July 2014 Webjet purchased the SunHotels Group for € 18.2 million (\$A 26 million). The acquisition was 100% debt funded through an unsecured bank loan. Adjusting for the one off acquisition costs and foreign exchange depreciation losses, the EBITDA contribution from this acquisition was \$4.7 million. Pre-acquisition, SunHotels generated EBITDA in the vicinity of \$A3.75m per annum.

Further information can be found in notes 34 and 38.

There were no further significant changes in the state of affairs of the Consolidated Entity during the financial year.

Future developments

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

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

Dividends

The final dividend for the year ended 30 June 2014 of \$0.0725 per share fully franked to 100% was paid on 17 October 2014. The total payment was \$5.76 million. An interim dividend for the year ended 30 June 2015 of \$0.0625 per share fully franked totalling \$5.02 million was paid on 11 April 2015. A final dividend of \$0.0725 per share, fully franked to 100% has been declared by the directors for payment on 15 October 2015 totalling \$5.83 million.

Shares under option

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

Options series	Number	Grant date	Expiry date	Exercise price \$	Fair value at grant date \$	Vesting date
John Guscic – Tranche 1(a)	500,000	19/10/2011	30/06/2015	\$2.60	\$0.22	1/09/2012
John Guscic – Tranche 1(b)	500,000	19/10/2011	30/06/2015	\$2.60	\$0.22	1/09/2012
John Guscic – Tranche 2(a)	500,000	19/10/2011	30/06/2016	\$3.10	\$0.20	1/09/2013
John Guscic – Tranche 2(b)	500,000	19/10/2011	30/06/2016	\$3.10	\$0.20	1/09/2013
John Guscic – Tranche 3(a)	500,000	19/10/2011	30/06/2017	\$3.80	\$0.22	1/09/2014
John Guscic – Tranche 3(b)	500,000	19/10/2011	30/06/2017	\$3.80	\$0.22	1/09/2014
John Guscic – Tranche 1(c)	1,000,000	13/11/2013	30/06/2018	\$5.00	\$0.14	30/06/2015
John Guscic – Tranche 2(c)	1,000,000	13/11/2013	30/06/2019	\$5.50	\$0.16	30/06/2016
John Guscic – Tranche 3(c)	1,000,000	13/11/2013	30/06/2020	\$6.00	\$0.21	30/06/2017

- 1,000,000 options granted to John Guscic under Tranche 1(a) and tranche 1(b) have been exercised on the 25 February 2015 at an exercise price of \$2.60. The share price at date of exercise was \$3.83. The value of the options exercised by John Guscic was \$1,230,000.
- 500,000 options were granted to John Guscic during 2011 as part of his remuneration that would have vested on 1 September 2014 had various performance conditions been met. These options lapsed because performance conditions had not been met by 1 September 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.

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. To the extent permitted by law, the company has agreed to indemnify each of its officers and the officers of its related bodies corporate against any liability incurred as such an officer.

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, 10 Board meetings, 2 Nomination and Remuneration Committee meetings, 3 Audit Committee meetings and 8 Risk Management Committee meetings were held.

Directors	Board of directors		Nomination and remuneration committee		Audit Committee		Risk Management Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
David Clarke	10	10	2	2	-	-	8	8
John Guscic	10	10	-	-	-	-	-	-
Don Clarke	10	9	2	2	-	-	8	8
Allan Nahum	5	4	-	-	-	-	-	-
Steven Scheuer	10	10	-	-	3	3	-	-
Roger Sharp	10	10	-	-	3	3	-	-
Brad Holman	10	10	-	-	3	3	-	-

Non-audit services

No non-audit services were provided during the current or prior year by the auditor.

Auditor's independence declaration

The auditor's independence declaration has been received and is included on page 15 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.

Audited remuneration report

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 2015. 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
- service and employment agreements of key executives

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). Resigned on 26/11/2014
- Steven Scheuer BBus (Acc) (Non-Executive Director)
- Roger Sharp BA LLB (Non-Executive Director)
- Brad Holman BCom (Non-Executive Director)
- Shelley Beasley BA (Comm), GradDipBusIntStrLship – (Chief Operating Officer)
- Michael Sheehy BEc ACA (Chief Financial Officer)

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:

- 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.
- 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.
- the interests of management and general operating staff reflect a close alignment with the interests of shareholders.

Accordingly, the Consolidated Entity has 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-Jun 2015 \$'000	30-Jun 2014 \$'000	30-Jun 2013 \$'000	30-Jun 2012 \$'000	30-Jun 2011 \$'000
Revenue	119,143	98,644	74,772	57,719	43,548
Net profit before tax	23,188	21,079	11,443	19,297	15,386
Net profit after tax	17,500	19,127	6,484	13,613	11,006

	30-Jun 2015	30-Jun 2014	30-Jun 2013	30-Jun 2012	30-Jun 2011
Share price at start of year	\$2.42	\$4.45	\$3.38	\$2.00	\$1.88
Share price at end of year	\$2.99	\$2.42	\$4.45	\$3.38	\$2.00
Interim dividend	6.25cps	6.25cps	6.0cps	6.0cps	5.0cps
Final dividend	7.25cps	7.25cps	7.0cps	7.0cps	6.0cps
Basic earnings per share	21.95	24.24	8.74	18.81	14.41
Diluted earnings per share	21.93	24.18	8.66	18.79	14.33

Remuneration of key management personnel

The remuneration tables below are prepared on an accruals basis for bonuses as required by Corporations Regulation 2M.3.03(4).

	Short-term incentives		Post-employment benefits	Share-based payments	Total
	Salary & fees	Bonus	Superannuation	Options & rights	
2015	\$	\$	\$	\$	\$
Non-executive directors					
David Clarke	167,650	-	33,600	-	201,250
Don Clarke	83,085	-	7,893	-	90,978
Allan Nahum	31,250	-	2,969	-	34,219
Steven Scheuer	47,128	-	4,477	-	51,605
Roger Sharp	80,500	-	0	-	80,500
Brad Holman	61,008	-	5,796	-	66,804
					525,356
Executive officers					
John Guscic	838,130	575,000	35,000	114,390	1,562,520
Shelley Beasley	359,099	99,334	11,853	-	470,286
Michael Sheehy	289,033	47,473	27,458	-	363,964
					2,396,770

	Short-term incentives		Post-employment benefits	Share-based payment	Total
	Salary & fees	Bonus	Superannuation	Options & rights	
2014	\$	\$	\$	\$	\$
Non-executive directors					
David Clarke	167,200	-	32,800	-	200,000
Don Clarke	82,569	-	7,638	-	90,207
Allan Nahum	40,000	-	35,000	-	75,000
Steven Scheuer	45,766	-	4,234	-	50,000
Roger Sharp	80,000	-	-	-	80,000
Brad Holman	17,077	-	1,580	-	18,657
					513,864

2014 (continued)	Short-term incentives		Post-employment benefits	Share-based payment	Total
	Salary & fees	Bonus	Superannuation	Options & rights	
	\$	\$	\$	\$	\$
Executive officers					
John Guscic	676,084	-	25,000	283,127	984,211
Shelley Beasley	370,355	-	11,111	-	381,466
Robert Turner	43,292	-	4,005	-	47,297
Michael Sheehy	223,613	-	20,684	-	244,297
					1,657,271

The ongoing share based payment expense is performance related. The share-based payments make up 36.8% (2014: 28.8%) of John Guscic's total salary.

Bonuses

For the key management personnel, a cash bonus plan is in place based upon the Consolidated Entity achieving the Board approved budget for the full year. As the cash budget for year ended 30 June 2015 was achieved, bonuses were paid to key executives in line with their respective employment contracts.

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

	Total Cash Bonus at Risk	Achievement of 2015 Budget	Discretionary Performance Bonus	Total Bonus	Performance Related
	\$	\$	\$	\$	%
John Guscic	780,000	475,000	100,000	575,000	73.7%
Shelley Beasley	106,675	99,334	-	99,334	-
Michael Sheehy	50,483	47,473	-	47,473	-

	Agreement Date	Term (Years)	Notice Period	Termination Payment	Base Salary (Inc. Superannuation)	Salary at Risk	Possible Total
					\$	\$	\$
J Guscic	1-Feb-14	3.4	6 Months	12 months in lieu of notice	850,000	780,000	1,630,000
S Beasley	21-Mar-11	rolling	6 Months	6 months in lieu of notice	426,699	106,675	533,374
M Sheehy	25-Nov-13	rolling	3 Months	3 months in lieu of notice	336,556	50,483	387,039

Key management personnel remuneration philosophy

The board monitors and reviews the performance of executive directors as well as the performance of key senior management. The Board receives regular updates on 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. The company has in place a Nomination and Remuneration Committee which seeks to ensure that the Consolidated Entity's remuneration levels are appropriately aimed at delivering maximum benefit for the Consolidated Entity. The Nomination and Remuneration Committee has responsibility for ensuring that the Consolidated Entity:

- 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.

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. No remuneration consultant services have been engaged during the financial year.

Senior Management and Executive Director Remuneration

The Consolidated Entity aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities 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.

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 based on the performance of the business exceeding the annual budget.

Key management and directors equity holdings

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

Fully paid ordinary shares of Webjet Limited

	Balance at 30 June 2014	Granted as compensation	Received on exercise of options	Net other change	Balance at 30 June 2015
2015	No.	No.	No.	No.	No.
David Clarke	9,000	-	-	-	9,000
John Guscic	109,169	-	1,000,000	(1,000,000)	109,169
Don Clarke	10,000	-	-	10,000	20,000
Steven Scheuer	4,476,254	-	-	-	4,476,254
Roger Sharp	90,000	-	-	-	90,000
Brad Holman	-	-	-	15,000	15,000
Shelley Beasley	100,516	-	-	-	100,516
Michael Sheehy	-	-	-	-	-

Share options of Webjet Limited

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

Employee share option plan

Options series	Number	Grant date	Expiry date	Exercise price \$	Fair value at grant date \$	Vesting date	Vesting condition
John Guscic – Tranche 1(a) ¹	500,000	19/10/2011	30/06/2015	\$2.60	\$0.22	1/09/2012	Achievement of FY12 Budget
John Guscic – Tranche 1(b) ¹	500,000	19/10/2011	30/06/2015	\$2.60	\$0.22	1/09/2012	Progressive - remain in employment
John Guscic – Tranche 2(a)	500,000	19/10/2011	30/06/2016	\$3.10	\$0.20	1/09/2013	Achievement of FY13 Budget
John Guscic – Tranche 2(b)	500,000	19/10/2011	30/06/2016	\$3.10	\$0.20	1/09/2013	Progressive - remain in employment
John Guscic – Tranche 3(a) ²	500,000	19/10/2011	30/06/2017	\$3.80	\$0.22	1/09/2014	Achievement of FY14 Budget
John Guscic – Tranche 3(b)	500,000	19/10/2011	30/06/2017	\$3.80	\$0.22	1/09/2014	Progressive - remain in employment
John Guscic – Tranche 1(c)	1,000,000	13/11/2013	30/06/2018	\$5.00	\$0.14	30/06/2015	Progressive - remain in employment
John Guscic – Tranche 2(c)	1,000,000	13/11/2013	30/06/2019	\$5.50	\$0.16	30/06/2016	Progressive - remain in employment
John Guscic – Tranche 3(c)	1,000,000	13/11/2013	30/06/2020	\$6.00	\$0.21	30/06/2017	Progressive - remain in employment

- 1- 1,000,000 options granted to John Guscic under Tranche 1(a) and tranche 1(b) have been exercised on the 25 February 2015 at an exercise price of \$2.60. The share price at date of exercise was \$3.83. The value of the options exercised by John Guscic was \$1,230,000.
- 2- 500,000 options were granted to John Guscic during 2011 as part of his remuneration that would have vested on 1 September 2014 had various performance conditions been met. These options lapsed because performance conditions had not been met by 1 September 2014.

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

On exercise, each option will result in the issue of one ordinary share of Webjet Limited.

Transactions with key management personnel

There were no transactions or loans between the company and key management personnel other than those disclosed above in the Remuneration Report.

Transactions with other related parties

Minter Ellison Lawyers of which Don Clarke is a principal was paid a total \$564,645 (2014: \$426,469) during the year. All transactions were conducted on a commercial arm's length basis and charged accordingly.

PT. AbdiTeknologiInformasi (ATI) of which Brad Holman is a director was paid a total of \$94,902 (2014: \$37,255) during the year. All transactions were conducted on a commercial arm's length basis and charged accordingly.

APD Acquire Pty Ltd formerly known as Deal Group Media Pty Ltd, a subsidiary of Asia Pacific Digital Limited of which Roger Sharp is a director was paid \$76,130 (2014: \$nil) during the year. All transactions were concluded on a commercial arm's length basis and charged accordingly.

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)
19 August 2015

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 the Consolidated Entity, 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 the Consolidated Entity.

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 Nomination and Remuneration Committee;
- reporting to shareholders; and
- ensuring the Consolidated Entity'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 six 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 non-executive directors being David Clarke (Chairman), Don Clarke (Deputy Chairman), Steven Scheuer, Roger Sharp and Brad Holman. 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

The Consolidated Entity 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 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.

Risk Committee

The Board has appointed a Risk Committee that operates under a charter approved by the Board. The purpose of the Risk Committee is to provide an oversight across the Group for all categories of risk. In this role, the Risk Committee has delegated authority from the Board to approve and oversee the processes used to identify, evaluate and manage risk. At its discretion, the Risk Committee may make recommendations to the Board, including recommendations relating to the Group's risk appetite; and to assist the Board to understand the risks faced by the Group.

Responsibilities include:

- the identification, assessment and management of risk;
- monitoring the adherence to internal risk management policies and procedures; and

- oversight of compliance systems, including legal, licensing and regulatory compliance processes developed by management.

Where appropriate, liaise with the Audit Committee and:

- review issues raised by external Audit and, if applicable, internal audit processes that impact the risk management framework or the Group's risk management;
- review and make recommendations to the Board on draft statutory statements covering governance and risk management issues in accordance with the requirements of the applicable regulators; and
- direct any special investigations deemed necessary and engage and consult independent experts where considered necessary or desirable to carry out its duties and rely on the advice of such experts.

The members of the Risk Committee at the date of this annual report are David Clarke (Chairman) and Don Clarke (Deputy Chairman).

Audit Committee

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

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

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

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

The Audit Committee meets as required to review the half-year and annual results of the Consolidated Entity, and to review the audit process, and those representations made by management in support of monitoring the Consolidated Entity's commitment to integrity in financial reporting. The Managing Director, the Chief Financial Officer and the external auditors are invited to attend meetings of the Committee at the discretion of the Committee.

The members of the Audit Committee at the date of this annual report are Brad Holman (Chairman of the Committee), Steven Scheuer and Roger Sharp.

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 Consolidated Entity's performance and objectives, employment conditions and remuneration relativities.

Disclosure

The Consolidated Entity's policy is that shareholders are informed of all major developments that impact on the Consolidated Entity. The Consolidated Entity 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 Consolidated Entity with the Consolidated Entity's 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.

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 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 endeavors 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 Consolidated Entity's remuneration levels are appropriate and aimed at delivering the maximum benefit for the Consolidated Entity.

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:

- recruit the right people from a diverse pool of talented candidates;
- retain and develop an appropriate skills base within the Consolidated Entity 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
- better represent the diversity of all stakeholders.

Webjet is committed to achieving the goals of:

- providing access to equal opportunities at work based primarily on merit;
- attracting and retaining a management team with a diverse mix of skills, experience and expertise; and
- 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.



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

As lead auditor of Webjet Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

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

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

Michael Haydon
Director

BDO Audit (SA) Pty Ltd

Adelaide, 18 August 2015

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 6 to 11 of the directors' report (as part of audited Remuneration Report), for the year ended 30 June 2015, 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 2015 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)

19 August 2015

Consolidated income statement for the financial year ended 30 June 2015

		Consolidated	
		Year ended	
	Note	30-Jun-15 \$ 000's	30-Jun-14 \$ 000's
Revenue	6	116,869	95,188
Investment income	7	1,144	887
Other gains and losses	8	2,274	3,456
		120,287	99,531
Share of associates losses	29	(106)	(48)
Employee benefits		(29,010)	(21,116)
Depreciation, amortisation and impairments		(4,709)	(2,801)
Marketing expenses		(21,187)	(20,827)
Operating expenses		(23,734)	(22,375)
Options expenses		(114)	(283)
Technology expenses		(7,568)	(5,084)
Administrative expenses		(4,423)	(1,684)
Finance costs		(1,032)	(264)
Directors' fees		(470)	(473)
Other expenses		(3,600)	(3,497)
Business acquisition costs		(1,146)	-
Profit Before Tax		23,188	21,079
Income tax expense	9	(5,688)	(1,952)
Profit for the year		17,500	19,127
Profit attributable to:			
Owners of the parent		17,500	19,248
Non-controlling interests		-	(121)
		17,500	19,127
Earnings per share:			
Basic (cents per share)	23	21.95	24.24
Diluted (cents per share)		21.93	24.18

Notes to financial statement are included on pages 22 to 58

Consolidated statement of comprehensive income for the year ended 30 June 2015

	Consolidated	
	Year ended	
Note	30-Jun-15 \$ 000's	30-Jun-14 \$ 000's
Profit for the year	17,500	19,127
<i>Items that may be reclassified subsequently to profit or loss</i>		
Changes in fair value of available for sale financial assets	-	55
Exchange difference on translating foreign operations	3,722	(507)
Changes in the fair value of derivatives	15	-
Other comprehensive income for the period, net of income tax	3,739	(452)
Total comprehensive income for the year	21,237	18,675
Total comprehensive income attributable to:		
Owners of the parent	21,237	18,796
Non-controlling interests	-	(121)
	21,237	18,675

Notes to financial statement are included on pages 22 to 58

Consolidated balance sheet for the year ended 30 June 2015

		Consolidated	
		Year ended	
	Note	30-Jun-15 \$ 000's	30-Jun-14 \$ 000's
Current assets			
Cash and cash equivalents	30	76,230	51,792
Trade and other receivables	11	34,764	20,308
Other financial assets	12	309	-
Current tax asset	9	-	1,881
Other assets	13	6,426	4,131
Total current assets		117,729	78,112
Non-current assets			
Investments in associates	29	104	175
Other financial assets	12	265	255
Property, plant and equipment	14	8,087	3,047
Deferred tax assets	9	4,421	4,800
Intangible assets	15	72,214	42,829
Total non-current assets		85,091	51,106
Total assets		202,822	129,218
Current liabilities			
Trade and other payables	16	73,199	43,266
Borrowings	17	4,000	-
Other financial liabilities		-	416
Current tax liabilities	9	4,065	1,544
Provisions	18	4,102	2,175
Other liabilities	19	2,214	1,712
Total current liabilities		87,580	49,113
Non-current liabilities			
Deferred tax liabilities	9	1,989	2,970
Borrowings	17	21,143	-
Provisions	18	354	288
Derivative financial instruments	31	466	-
Other liabilities	19	8,835	7,563
Total non-current liabilities		32,787	10,821
Total liabilities		120,367	59,934
Net assets		82,455	69,284
Equity			
Issued capital	20	42,779	40,179
Reserves	21	5,670	1,818
Retained earnings	22	34,006	27,287
Equity attributable to owners of the parent		82,455	69,284
Non-controlling interests		-	-
Total equity		82,455	69,284

Notes to financial statement are included on pages 22 to 58

Consolidated statement of changes in equity for the year ended 30 June 2015

	Share capital	Equity-settled employee benefits reserve	AFS reserve	Hedging reserve	Foreign currency translation reserve	Retained earnings	Total attributable to owners of the parent	Non-controlling interests	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2013	40,179	465	-	-	1,522	18,645	60,811	(68)	60,743
Profit for the year	-	-	-	-	-	19,248	19,248	(121)	19,127
Other comprehensive income for the year, net of income tax	-	-	55	-	(507)	-	(452)	-	(452)
Total comprehensive income for the year	-	-	55	-	(507)	19,248	18,796	(121)	18,675
Transactions with owners in their capacity as owners									
Difference arising on disposal of interest in a subsidiary	-	-	-	-	-	(86)	(86)	189	103
Recognition of share based payments	-	283	-	-	-	-	283	-	283
Payment of dividends	-	-	-	-	-	(10,520)	(10,520)	-	(10,520)
Sub-total	-	283	55	-	(507)	8,642	8,473	68	8,541
Balance at 30 June 2014	40,179	748	55	-	1,015	27,287	69,284	-	69,284
Balance at 1 July 2014	40,179	748	55	-	1,015	27,287	69,284	-	69,284
Profit for the year	-	-	-	-	-	17,500	17,500	-	17,500
Other comprehensive income for the year, net of income tax	-	-	-	15	3,723	-	3,738	-	3,738
Total comprehensive income for the year	-	-	-	15	3,723	17,500	21,238	-	21,238
Transactions with owners in their capacity as owners									
Recognition of share based payments	2,600	114	-	-	-	-	2,714	-	2,714
Payment of dividends	2,600	114	-	-	-	(10,781)	(10,781)	-	(10,781)
Sub-total	42,779	862	55	15	4,738	34,006	82,455	-	82,455

Notes to financial statement are included on pages 2 to 58

Consolidated statement of cash flows for the year ended 30 June 2015

	Note	Consolidated	
		Year ended 30-Jun-15	
		30-Jun-15	30-Jun-14
		\$ (000's)	\$ (000's)
Cash from operating activities			
Receipts from customers		129,079	103,638
Payments to suppliers and employees		(91,534)	(95,253)
Interest and other costs of finance paid		(1,032)	(264)
Interest received		1,044	787
Transaction costs related to acquisition of subsidiary		-	-
Income tax paid		(2,128)	(5,548)
Net cash provided by/(used in) operating activities	30	35,429	3,360
Cash from investing activities			
Payments for property, plant and equipment	14	(955)	(2,418)
Proceeds for property, plant and equipment		-	-
Proceeds from floating notes		-	-
Payment for acquisition of subsidiary, net of cash acquired		(20,352)	(2,208)
Purchase of intangibles	15	(6,693)	(3,117)
Acquisition of interest in associates		-	-
Dividends received		100	100
Loans to controlled entities		-	-
Net cash used in investing activities		(27,900)	(7,643)
Cash flows from financing activities			
Payments for share buy-back		-	-
Payment for dividends		(10,781)	(10,520)
Payment for transaction costs		-	-
Proceeds from Issue of share capital		2,600	-
Proceeds from borrowings		27,143	-
Repayment of borrowings		(2,000)	-
Net cash provided by/(used in) financing activities		16,962	(10,520)
Net increase in cash and cash equivalents		24,491	(14,803)
Cash and cash equivalents at the beginning of the financial year		51,792	66,812
Effects of exchange rate changes on the balance of cash held in foreign currencies		(53)	(215)
Cash and cash equivalents at the end of the financial year	30	76,230	51,792

Notes to financial statement are included on pages 22 to 58

Notes to the financial statements for the year ended 30 June 2015

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.

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 comprise the consolidated financial statements of the Consolidated Entity. For the purposes of preparing the consolidated financial statements, the Consolidated Entity 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 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.

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.

New and amended standards adopted by the group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2014 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

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 or adopted.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
ASB 9 'Financial Instruments'	1-Jan-18	30-Jun-19
ASB 2013-9 'Amendments to Australian Accounting standards – Conceptual Framework, Materiality and financial Instruments'	1-Jan-18	30-Jun-19
ASB 15 – 'Revenue from Contracts with Customers'	1-Jan-17	30-Jun-18

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

3. Significant accounting policies

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 controlled by the Company (its subsidiaries). Control is achieved where the Company is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. Subsidiaries are consolidated from the date on which control is transferred to the Company and are deconsolidated from the date that control ceases.

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 statements 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.

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 control 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.

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.

Losses of an associate in excess of the Consolidated Entity's interest in that 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 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) Segment reporting

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

e) 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 Limited 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 is 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.

f) Goods and services tax

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

- 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 and
- 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.

g) Revenue

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

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

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

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

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.

h) Share-based payments

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

i) 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. 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 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.

j) 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 three months or less at the date of acquisition. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

k) 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.

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.

l) 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, or in the case of leasehold improvements the shorter lease term, to its estimated residual value. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period.

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

Office furniture and equipment- 15%

Computer equipment and software- 40%

Leasehold improvements- 20%

m) 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 income statement as other operating income or other operating costs, respectively.

n) 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

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.

Lease incentives received to enter into operating leases are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis.

o) Intangible assets

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

Goodwill

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

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (note 15).

Internally generated intangible assets – 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.

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.

p) 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 allocated to the smallest group 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.

q) Employee benefits

Short-term employee benefit obligations

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.

Other long-term employee benefit obligations

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 corporate bonds terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Regardless of when settlement is expected to occur, liability for long service leave is presented as a current liability in the balance sheet if the Consolidated Entity does not have an unconditional right to defer settlement for a least 12 months after the end of the reporting period.

r) 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.

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.

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.

Restructuring

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.

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) Borrowings

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the loans and borrowings using the effective interest method. Fees paid for establishing loan facilities are recognised as transaction costs if it is probable that some or all of the facility will be drawn down, and deferred until the draw down occurs. If it is not probable that the facility will be drawn down, fees are capitalised as prepayments for liquidity services and amortised over the period to which the facility relates.

Borrowings are derecognised from the statement of financial position when the obligation specified in the contract has been discharged, cancelled or expires. The difference between the carrying amount of the borrowing derecognised and the consideration paid is recognised in profit or loss as other income or finance costs.

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

w) Derivatives

The Consolidated Entity uses derivative financial instruments such as forward foreign currency contracts and interest rate swaps to hedge its risk associated with interest rate and foreign currency fluctuations. Such derivatives are stated at fair value. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to net profit or loss for the year.

For derivatives that qualify for hedge accounting, the method for recognising gains and losses on changes in fair value depends on whether the derivative is classified as a fair value hedge or a cash flow hedge. Derivatives are classified as fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability and as cash flow hedges when they hedge exposure to variability in cash flows that are attributable to either a particular risk associated with a recognised asset or liability or to a forecast transaction. The Consolidated Entity documents at inception of the hedge the relationship between the hedging instruments (derivatives) and the hedged items, as well as the risk management objective and strategy for undertaking the hedge transaction. The Consolidated Entity also documents, both at inception of the hedge and on an ongoing basis whether the derivatives that are used in the hedging transactions have been, and will continue to be, highly effective in offsetting changes in fair values or cash flows of hedged items.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within finance costs together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in profit or loss within other income or other expenses.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income in the hedging reserve and reclassified to profit or loss when the hedged item affects profit or loss. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in other comprehensive income are recognised in profit or loss as a reclassification adjustment in periods when the hedged item affects profit or loss (e.g. when the forecast sale takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss as finance costs. The gain or loss on the effective portion of forward exchange contracts hedging export sales is recognised in profit or loss within sales. However, when the cash flow hedge relates to a forward foreign exchange contract to hedge a highly probable forecast transaction or firm commitment that results in a non-financial asset (e.g. inventory or fixed assets), the gains and losses previously deferred in other comprehensive income are reclassified and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as costs of goods sold in the case of inventory, or as depreciation in the case of fixed assets. Hedge accounting is discontinued when the hedging instrument expires, or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gains or losses on the hedging instrument recognised in other comprehensive income is kept in other comprehensive income until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, the cumulative gain or loss recognised in other comprehensive income is recognised in profit or loss for the year as a reclassification adjustment.

4. Critical accounting judgements and key sources of estimation uncertainty

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 generating unit to which the intangible assets with indefinite useful lives are allocated.

(ii) Useful Life of Technology Intangible Assets (including capitalised development)

As described at 3(o) above, the Consolidated Entity reviews the estimated useful lives of its intangible assets at the end of each reporting period. The directors have determined that the useful life of the Core Booking Systems is 15 years and between 5 and 10 years for Ancillary Systems, there is no change in this assessment from the prior year.

5. Segment information

Description of segments

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

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

The reportable segments of the Consolidated Entity are considered to be – Business to Consumer Travel (B2C Travel) and Business to Business Travel (B2B Travel).

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

The amounts provided to the Managing Director with respect to total assets and total liabilities are measured in a manner that is consistent with that of the consolidated balance sheet.

Segment information provided to the Managing Director

The segment information provided to the Managing Director for the year ended 30 June 2015 and 30 June 2014 is as follows:

a) Description of segments

	B2C Travel \$'000	B2B Travel \$'000	Total \$'000	B2C Travel \$'000	B2B Travel \$'000	Total \$'000
Revenues from travel bookings	95,142	21,727	116,869	91,545	3,643	95,188
Interest Revenue / Expense	878	(766)	112	787	-	787
Depreciation and amortisation	(2,801)	(1,908)	(4,709)	(2,606)	(195)	(2,801)
Losses of associates	(106)	-	(106)	(48)	-	(48)
Profit/(loss) before tax	21,946	1,242	23,188	21,492	(413)	21,079
Income tax expense	(4,889)	(799)	(5,687)	(1,952)	-	(1,952)
Profit/(loss) after tax	17,057	443	17,501	19,540	(413)	19,127
Segment assets	133,302	69,517	202,819	116,164	13,054	129,218
Segment liabilities	81,306	39,056	120,362	44,297	15,637	59,934
Acquisitions of non-current assets ¹	6,481	40,705	47,186	5,089	662	5,751

¹ Non-current assets excluding financial assets and deferred tax assets.

b) Other segment information

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

	Revenue		Non-Current Assets ¹	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Australia	76,997	69,248	42,783	40,602
All other countries	39,872	25,940	37,623	5,449
	116,869	95,188	80,406	46,051

¹ Non-current assets excluding financial assets and deferred tax assets.

6. Revenue

	Consolidated	
	2015 \$'000	2014 \$'000
Revenue from travel bookings	116,869	95,188

7. Investment Income

	Consolidated	
	2015 \$'000	2014 \$'000
Interest income:		
Bank deposits	1,044	787
Dividend from equity investments	100	100
	1,144	887

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

	Consolidated	
	2015 \$'000	2014 \$'000
Available-for-sale financial assets	100	100
Loans and receivables (including cash and bank balances)	1,044	787
	1,144	887

8. Other gains and losses

	Consolidated	
	2015 \$'000	2014 \$'000
Gain on part sale of subsidiary	-	1,400
Other income	2,274	2,056
	2,274	3,456

9. Income taxes

a) Income tax expense

	Consolidated	
	2015 \$'000	2014 \$'000
Current tax	6,356	2,759
Deferred tax	(802)	(439)
Adjustments for current tax of prior periods	(66)	(368)
Total income tax expense recognised in the current year	5,688	1,952

b) Reconciliation of income tax expense to prima facie tax payable

	Consolidated	
	2015 \$'000	2014 \$'000
Profit before income tax	23,188	21,079
Income tax expense calculated at 30% (2014: 30%)	6,956	6,323
Effect of overseas subsidiaries expenses not deductible	-	(22)
Tax losses of foreign subsidiaries not recognised	1,088	-
Effect of previously unrecognized overseas tax losses recognized as deferred tax assets	(939)	(1,505)
Effect of income/expenses that are not assessable/deductible in determining taxable profit	202	(474)
Effect of utilised franking credits	(43)	13
Effect of R&D tax incentives	(102)	-
Effect of deferred tax expense relating to the origination and reversal of temporary differences	265	(121)
Utilisation of tax losses	(116)	(1,029)
Differences for current tax of prior periods	(66)	(368)
Difference in overseas tax rates	(1,558)	(865)
	5,688	1,952

The tax rate used for the 2015 and 2014 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	
	2015 \$'000	2014 \$'000
Current tax assets		
Income tax refundable		1,861
Current tax liabilities		
Income tax payable	4,065	1,544

9 Income tax (cont'd)

Deferred tax balances

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

2015	Consolidated					
	Opening balance	Under/over provision	Recognised in profit or loss	Recognised in comprehensive income	Recognised directly in equity	Closing balance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax liability						
Interest receivable	(43)	-	40	-	-	(3)
Other assets	(2)	-	(8)	-	-	(10)
Unrealised foreign exchange gain/losses	(59)	-	59	-	-	-
Property, plant & equipment	(170)	-	170	-	-	-
Intangibles	(2,696)	-	720	-	-	(1,976)
	(2,970)	-	981	-	-	(1,989)
Deferred tax asset						
Financial liabilities	125	-	(23)	-	-	102
Deferred revenue	488	-	(119)	-	-	369
Sundry expense accruals	70	-	5	-	-	75
Provisions	582	-	587	-	-	1,169
Expenses deductible over 5 years	224	-	(85)	-	-	139
Intangibles & PPE	78	-	789	-	-	867
Capital allowance	1,793	-	(1,793)	-	-	-
Unrealised foreign exchange gain/losses	-	-	98	-	-	98
	3,360	-	(542)	-	-	2,818
Unused tax losses and credits	1,440	-	164	-	-	1,604
	4,800	-	(379)	-	-	4,421

9 Income tax (cont'd)

2014	Consolidated					
	Opening balance	Under/over provision	Recognised in profit or loss	Recognised in comprehensive income	Recognised directly in equity	Closing balance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax liability						
Interest receivable	(49)	-	6	-	-	(43)
Other assets	(6)	-	4	-	-	(2)
Unrealised foreign exchange gain/losses	(206)	-	147	-	-	(59)
Property, plant & equipment	-	-	(170)	-	-	(170)
Intangibles	(2,972)	-	276	-	-	(2,696)
	(3,233)	-	263	-	-	(2,970)
Deferred tax asset						
Financial liabilities	-	-	125	-	-	125
Deferred revenue	-	-	488	-	-	488
Allowance for doubtful debts	41	-	(41)	-	-	-
Sundry expense accruals	919	-	(849)	-	-	70
Provisions	920	-	(338)	-	-	582
Expenses deductible over 5 years	310	-	(86)	-	-	224
Intangibles & PPE	68	-	10	-	-	78
Capital allowance	1,955	-	(162)	-	-	1,793
	4,213	-	(853)	-	-	3,360
Unused tax losses and credits	411	-	1,029	-	-	1,440
	4,624	-	176	-	-	4,800

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 1 July 2007 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Webjet Limited. The members of the tax-consolidated group identified in note 27 relate to entities incorporated in Australia. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

Nature of tax funding arrangements and tax sharing agreements

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

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

10. Profit for the year

	Consolidated	
	2015 \$'000	2014 \$'000
Depreciation and amortisation expense		
Depreciation of property, plant and equipment	1,384	870
Amortisation of intangible assets	3,325	1,931
	4,709	2,801
Research and development costs expensed as incurred	1,913	1,767
Employee benefits expense		
Defined contribution superannuation expense	1,415	1,313
Other employee benefits	27,595	19,803
	29,010	21,116
Restructuring costs	557	-
Operating lease expense	1,422	1,347
Net foreign exchange (gains)/losses	1,672	645

11. Trade Receivables

	Consolidated	
	2015 \$'000	2014 \$'000
Trade receivables	34,917	20,274
Allowance for doubtful debts	(162)	-
Other	9	34
	34,764	20,308

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 but do not believe any balances are impaired in the current reporting period. Trade receivables are non-interest bearing. Trade receivables that are neither past due nor impaired relate to long standing business partners with good track record.

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

	Consolidated	
	2015 \$'000	2014 \$'000
Up to 3 months	15,006	-
3 – 6 months	493	-
Total	15,499	-

Movement in the allowance for doubtful debts:

	Consolidated	
	2015 \$'000	2014 \$'000
Balance at the beginning of the year	-	144
Provision created during the year	(162)	-
Impairment losses recognised on receivables acquired in business combination	-	-
Impairment losses reversed	-	(144)
Balance at the end of the year	(162)	-

12. Other financial assets

	Consolidated	
	2015 \$'000	2014 \$'000
Available-for-sale investments carried at fair value:		
<i>Current</i>		
Forward exchange contracts (i)	309	-
<i>Non-current</i>		
Shares in unlisted companies (ii)	265	255

- i) Relates to the fair value of forward exchange contracts entered into by the Group to hedge against foreign exchange rate risk on the B2B business.
- ii) The Consolidated Entity holds 20% of the ordinary share capital of Taguchi Marketing Pty Ltd, a company involved in email marketing and distribution activities. The directors of the Consolidated Entity do not consider that the Consolidated Entity is able to exert significant influence over Taguchi Marketing Pty Ltd as the day-to-day running of the business is not under the influence of the Consolidated Entity.

13. Other assets

	Consolidated	
	2015 \$'000	2014 \$'000
<i>Current</i>		
Prepayments	4,220	1,432
Other	2,206	2,699
Total	6,426	4,131

14. Property Plant and Equipment

	Software at cost \$'000	Computer Equipment at cost \$'000	Furniture & Fittings at cost \$'000	Office Equipment at cost \$'000	Land & Building \$'000	Leasehold Improvements at cost \$'000	Asset Clearing \$'000	Total \$'000
Balance at 30 June 2013	1,083	1,473	274	207		613	197	3,847
Additions	1,114	333	1	495		475		2,418
Transfers						197	(197)	-
Disposals		(63)	(1)			(4)		(68)
Derecognition of subsidiary		(36)	(3)	(3)				(42)
Net foreign currency exchange differences	-	(10)	(5)	(2)		(9)		(26)
Balance at 30 June 2014	2,197	1,697	266	697	-	1,272	-	6,129
Additions	421	235	45	33		10	211	955
Transfers	419	-	63			(63)		419
Disposals		(3)				(11)		(14)
Derecognition of subsidiary								-
Net foreign currency exchange differences	47	132	47	35		182		442
Additions through Acquisition	377	91	265	1,333	3,876		-	5,943
Balance at 30 June 2015	3,460	2,151	686	2,098	3,876	1,391	211	13,875
Accumulated depreciation/ amortisation and impairment								-
Balance at 30 June 2013	(572)	(1,146)	(88)	(77)		(394)		(2,277)
Transfers								-
Disposals	-	63	-	-	-	4	-	67
Depreciation expense	(363)	(269)	(29)	(75)	-	(134)	-	(871)
Derecognition of subsidiary	-	20	-	-	-	-	-	20
Net foreign currency exchange differences	(18)	(14)	6	2	-	2	-	(22)
Balance at 30 June 2014	(953)	(1,346)	(111)	(150)	-	(522)	-	(3,082)
Transfers	(330)	-	-	-	-	-	-	(330)
Disposals						11		11
Depreciation expense	(536)	(219)	(72)	(206)	(58)	(170)		(1,262)
Derecognition of subsidiary								-
Net foreign currency exchange differences	(38)	(72)	(47)	(42)	(2)	(109)	(5)	(315)
Additions through Acquisition	(182)	-	(83)	(396)	(147)			(807)
Balance at 30 June 2015	(2,038)	(1,637)	(313)	(794)	(207)	(791)	(5)	(5,787)
Carrying amounts								
As at 30 June 2014	1,244	351	155	547	-	750	-	3,047
As at 30 June 2015	1,421	514	374	1,305	3,669	600	205	8,087

15. Intangible assets

	Consolidated				Total \$'000
	Capitalised development \$'000	Trademarks \$'000	Other identifiable intangibles \$'000	Goodwill \$'000	
Balance at 30 June 2013	13,297	7,082	2,199	21,848	44,426
Additions	2,807	57	253	-	3,117
Acquisitions through business combination				-	-
Derecognition of a subsidiary			(308)		(308)
Effect of foreign currency exchange differences	(26)	(134)	(10)	(119)	(289)
Balance at 30 June 2014	16,078	7,005	2,134	21,729	46,946
Additions	5,126	-	1,567	-	6,693
Acquisitions through business combination		891	7,856	14,381	23,128
Transfer to property plant and equipment			(419)		(419)
Derecognition of a subsidiary					-
Write off of dot Webjet Asset			(217)		(217)
Effect of foreign currency exchange differences	622	451	242	2,380	3,695
Balance at 30 June 2015	21,826	8,347	11,163	38,490	79,826
Accumulated amortisation and impairment					
Balance at 30 June 2013	(1,774)	-	(438)	-	(2,212)
Amortisation and impairment expense	(1,488)		(443)	-	(1,931)
Derecognition of a subsidiary			195		195
Impairment				(190)	(190)
Effect of foreign currency exchange differences	13		9		22
Balance at 30 June 2014	(3,249)	-	(677)	(190)	(4,116)
Amortisation and impairment expense	(2,044)		(1,402)	-	(3,446)
Derecognition of a subsidiary					-
Transfer to property plant and equipment			330		330
Impairment				-	-
Effect of foreign currency exchange differences	(283)		(95)		(378)
Balance at 30 June 2015	(5,576)	-	(1,844)	(190)	(7,610)
Carrying amount					
As at 30 June 2014	12,829	7,005	1,457	21,539	42,830
As at 30 June 2015	16,250	8,347	9,319	38,300	72,216

i) Capitalised development

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

15 Intangibles (cont'd)

Capitalised development has a finite life and is amortised on a straight-line basis. Capitalised development relating to Core Booking Systems is amortised over 15 years, while capitalised development relating to Ancillary Systems is amortised over a period of 5 to 10 years (refer to note 4 (ii) for further information).

ii) Trademarks

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

iii) Other identifiable intangibles

The other identifiable intangible assets acquired through the acquisition of the Zuji group of entities, domain names, other software licences and development and supplier agreements. Other intangible assets all have a finite life and are assessed individually in determining useful life for amortisation. The useful lives of these assets range from 3 - 10 years.

iv) Goodwill

Goodwill has been acquired as part of business combinations and after initial recognition is measured at cost less accumulated impairment losses. Goodwill is not amortised but is assessed for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arise, identified according to operating segments (refer to note 5).

a) Impairment tests for goodwill

Goodwill is monitored by management at the operating segment level. Management has identified the reportable segments to be Business to Consumer Travel (B2C Travel) and Business to Business Travel (B2B Travel). The segment-level summary of the carrying amount of goodwill and trademarks acquired from business combinations is shown below:

	Consolidated			
	2015 B2C Travel \$'000	2015 B2B Travel \$'000	2014 B2C Travel \$'000	2014 B2B Travel \$'000
Carrying amount of goodwill	23,393	14,906	21,539	-
Carrying amount of trademarks	7,445	902	7,005	-
	30,837	15,808	28,544	-

b) Key assumptions for value-in-use calculations

The recoverable amount of the cash-generating unit is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The Consolidated Entity has prepared a detailed projection for the financial year ended 30 June 2015 based on historical and current financial performance, after including the expected change in revenues and margins resulting from the business combinations and new business initiatives. The four following years have been calculated using a projection of the growth in overall total transaction volume.

Management's key assumptions used in the value-in-use calculation are a gross margin of 20%, a growth rate beyond budget period of 3% and a discount rate of 14%. Management determined the budgeted gross margin based on past performance and expectations for the future. The growth rate used does not exceed long-term average growth rates for the B2C Travel industry. The discount rate used reflects externally sourced inputs and specific risks relating to the B2C Travel segment and the countries in which it operates. Reasonably possible changes to these assumptions would not have an impact on the recoverable amount.

16. Trade and other payables

	Consolidated	
	2015 \$'000	2014 \$'000
Trade payables	60,114	33,925
Other	13,085	9,341
	73,199	43,266

17. Borrowings

During the year, the Group obtained a new unsecured long term bank loan amounting to A\$27,150,000. The loan bears interest at variable market rates and is carried at amortised cost over a 3 year maturity. The proceeds from the loan were used to fund the SunHotels acquisition. There are two bi-annually scheduled repayments of \$2,000,000 due on 15 July 2015 and 15 January 2016.

	Consolidated	
	2015 \$'000	2014 \$'000
Unsecured borrowings		
Current	4,000	-
Non-current	21,143	-
	25,143	-

The new loan agreement also enforces the following covenants:

- Operating leverage ratio must not exceed from loan 2.5:1 to 29 June 2015
- Operating leverage ratio must not exceed 2.25:1 for the period 30 June 2015 until 29 June 2016
- Operating leverage ratio must exceed 2:1 from 30 June 2016
- Interest cover ratio must not be lower than 4:1 for the term of the loan

The group complied with these ratios throughout the reporting period.

18. Provisions

	Consolidated	
	2015 \$'000	2014 \$'000
Current		
Employee benefits (i)	1,785	1,180
Restructuring costs (ii)	-	-
Gift vouchers (iii)	2,136	774
Make-good provision (iv)	-	76
Other	180	145
	4,102	2,175
Non-current		
Employee benefits	28	41
Make-good provision (iv)	326	247
	354	288
	4,456	2,463

- The current provision for employee benefits for the Consolidated Entity includes \$240,501 of vested long service leave entitlements accrued but not expected to be taken within 12 months.
- The consolidated entity will incur no further costs to complete the restructure of the operations of Sunhotels. A restructuring provision of EUR500,000 was created on acquisition of Sunhotels for expected costs to restructuring back office support processes and systems onto a common Webjet system. This provision was fully expensed during the year.
- The consolidated entity provides for the value of gift vouchers sold or issued to customers but not yet redeemed or expired.
- The consolidated entity is required to restore the leased office premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets.

Provisions (cont'd)

	Restructuring costs \$'000	Make-good provision \$'000	Gift vouchers provision \$'000	Other \$'000
Carrying amount at start of year	-	323	774	145
Provision relating to acquisitions	714	-	-	-
Additional provision charged to profit or loss	-	3	1,643	35
Unused amounts reversed	-	-	-	-
Amounts used during the year	(714)	-	(281)	-
Carrying amount at end of year	-	326	2,136	180

19. Other liabilities

	Consolidated	
	2015 \$'000	2014 \$'000
<i>Current</i>		
Deferred revenue (i)	1,876	1,712
Lease incentive liability	338	416
<i>Non-current</i>		
Deferred revenue (i)	8,835	7,563
	11,049	9,275

- (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 and other long term supplier agreements.

20. Issued capital

	Consolidated	
	2015 \$'000	2014 \$'000
80,397,959 fully paid ordinary shares (2014: 79,397,959)	42,779	40,179
	42,779	40,179

	2015		2014	
	No. '000	\$'000	No. '000	\$'000
Fully paid ordinary shares				
Balance at beginning of financial year	79,398	40,179	79,398	40,179
Issue of shares under placement	-	-	-	-
Issue of shares under share purchase plan	-	-	-	-
Exercise of options-proceed received	1,000	2,600	-	-
Transaction costs arising on share issues	-	-	-	-
Deferred tax credit recognised directly in equity	-	-	-	-
Balance at end of financial year	80,398	42,779	79,398	40,179

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

Share options granted under the employee share option plan carry no rights to dividends and no voting rights. The shares bought back in the prior year were cancelled. Further details of the employee share option plan are contained in note 32 to the financial statements.

21. Reserves

	Consolidated	
	2015 \$'000	2014 \$'000
Available-for-sale revaluation reserve	55	55
Equity-settled employee benefits	862	748
Foreign currency translation	4,738	1,015
Hedge reserve	15	-
	5,670	1,818

	Consolidated	
	2015 \$'000	2014 \$'000
Equity-settled employee benefits reserve		
Balance at beginning of financial year	748	465
Options expensed	114	283
Balance at end of financial year	862	748

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	
	2015 \$'000	2014 \$'000
Foreign currency translation reserve		
Balance at beginning of financial year	1,015	1,522
Exchange differences arising on translating the net assets of foreign operations	3,723	(507)
Balance at end of financial year	4,738	1,015

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

	Consolidated	
	2015 \$'000	2014 \$'000
Hedging reserve		
Balance at beginning of financial year	-	-
Cash flow hedge	309	-
Net investment hedge	(294)	-
Balance at end of financial year	15	-

The hedge reserve is used to record gains or losses on derivatives that are designated as cash flow hedges and net investment hedges. Fair value movement for these derivatives are recognised in other comprehensive income. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

22. Retained earnings

	Consolidated	
	2015 \$'000	2014 \$'000
Balance at beginning of financial year	27,287	18,645
Profit attributable to owner of the Company	17,500	19,248
Difference arising on disposal of interest in a subsidiary	-	(86)
Payment of dividends	(10,781)	(10,520)
Balance at end of financial year	34,006	27,287

23. Earnings per share

		Consolidated	
		2015	2014
		Cents	Cents
		per share	per share
Basic earnings per share			
From continuing operations		21.95	24.24
Total basic earnings per share		21.95	24.24
Diluted earnings per share			
From continuing operations		21.93	24.18
Total diluted earnings per share		21.93	24.18
		2015	2014
		No.'000	No.'000
Weighted average number of ordinary shares for the purposes of basic earnings per share		79,743	79,398
Diluted earnings per share			
		2015	2014
		\$'000	\$'000
Profit for the year attributable to owners of the Company		17,500	19,248
Earnings used in the calculation of diluted EPS		17,500	19,248
		2015	2014
		No.'000	No.'000
Weighted average number of ordinary shares used in the calculation of basic EPS		79,743	79,398
Shares deemed to be issued for no consideration in respect of:			
Employee options		56	208
Weighted average number of ordinary shares used in the calculation of diluted EPS		79,799	79,606

4,500,000 options were not included in the number of weighted average ordinary shares used to calculate diluted earnings per share because they are currently out of the money

24. Dividends

		2015		2014	
		Cents	Total	Cents	Total
		per	\$'000	per	\$'000
		share		share	
Recognised amounts					
<i>Fully paid ordinary shares</i>					
Interim dividend for current year:		7.25	5,025	6.25	4,962
Final dividend for prior year:		7.25	5,756	7.00	5,558
		14.5	10,781	13.25	10,520
Unrecognised amounts					
<i>Fully paid ordinary shares</i>					
Final dividend for current year:		7.25	5,829	7.25	5,756

24 Dividends (cont'd)

The directors have declared a fully franked final dividend of 7.25 cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2015, to be paid to shareholders on 15 October 2015. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is \$5.83m.

	Consolidated	
	2015 \$'000	2014 \$'000
Adjusted franking account balance	3,135	7,281
Impact on franking account balance of dividends not recognised	(2,498)	(2,467)
	637	4,814

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

At reporting date, the Consolidated Entity had a bank guarantee facility of \$14.0m (2014: \$14.0m). There are no other contingent liabilities or contingent assets requiring disclosure as at the date of this report.

26. Commitments

(a) Leasing commitments

The Consolidated Entity leases various offices under non-cancellable operating leases expiring within 5 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	Consolidated	
	2015 \$'000	2014 \$'000
Not longer than 1 year	885	1,048
Longer than 1 year and not longer than 5 years	1,463	2,349
Longer than 5 years	-	-
	2,348	3,397

27. Subsidiaries

Name of subsidiary	Country of incorporation	Proportion of owners interest and voting power held by the Consolidated Entity	
		2015 %	2014 %
Webjet Marketing Pty Ltd	Australia	100	100
Webjet Operations (Australia) Pty Ltd	Australia	100	100
PlanitonEarth Pty Ltd	Australia	100	100
Zuji Pty Ltd	Australia	100	100
Webjet USA Holdings Inc.	United States of America	100	100
Webjet Marketing NZ Pty Limited	New Zealand	100	100
Webjet Hotels NZ Pty Ltd	New Zealand	100	100
Lots of Hotels Limited	United Kingdom	100	100
Webjet International Ltd	Hong Kong	100	100
Lots of Hotels LLC	Dubai	100	100
Zuji Pte Ltd	Singapore	100	100
Zuji Ltd	Hong Kong	100	100
Zuji Travel Pte Ltd	Singapore	100	100
Zuji Properties A.V.V.	Aruba	100	100
Westweb Holdings Limited	British Virgin Islands	100	100
Webjet Singapore Limited	Singapore	100	100
Webjet Hong Kong Limited	Hong Kong	100	100
Sunhotels Holding Co Ltd	Hong Kong	100	-
Sunhotels AG	Liechtenstein	100	-
Sunhotels Ltd	UK	100	-
Sunhotels Mundo	Spain	100	-
Zleeping AG	Liechtenstein	100	-
Fyrkant Ltd	UK	100	-
Busy Bee S.L	Spain	100	-
Incoming Ltd	UK	100	-
Eventholiday AG	Liechtenstein	100	-

28. Deed of guarantee

The following companies are party to a deed of cross guarantee under which each entity guarantees the debt of the others:

Webjet Ltd
Webjet Marketing Pty Ltd
Webjet Operations (Australia) Pty Ltd
PlanitonEarth Pty Ltd
Zuji Pty Ltd

By entering into the deed, each wholly owned entity is exempt from the requirement to prepare a financial report and directors' report under Class Order 98/1418 issued by the Australian Securities and Investments Commission. For the purposes of the Class Order, the above listed companies represent a 'closed group' and, by the absence of any other party to the deed that is controlled by Webjet Ltd, also an 'extended closed group'.

Set out below is a consolidated income statement, consolidated statement of comprehensive income, a consolidated balance sheet and a summary of movements in consolidated retained earnings for the closed group.

28 Deed of guarantee (cont'd)

Consolidated income statement

	2015 \$'000	2014 \$'000
Revenue	76,365	64,553
Investment income	1,153	906
Other gains and losses	1,323	1,587
Share of losses of associates	-	-
Employee benefits expenses	(15,039)	(13,156)
Depreciation and amortisation expenses	(2,284)	(1,906)
Marketing expenses	(16,118)	(16,952)
Operating costs	(14,391)	(14,063)
Option expenses	(114)	(283)
Technology expenses	(5,066)	(3,861)
Administrative expenses	(1,267)	(1,105)
Directors' fees	(270)	(473)
Finance costs	(1,032)	(333)
Business acquisition costs	(1,146)	-
Other expenses	(1,655)	(2,261)
Profit before tax	20,459	12,653
Income tax expense	(4,375)	(3,153)
Profit for the year	16,084	9,500

Consolidated statement of comprehensive income

	2015 \$'000	2014 \$'000
Profit for the year	16,084	9,500
Other comprehensive income, net of income tax		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translating foreign operations	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	16,084	9,500

28 Deed of guarantee (cont'd)

Consolidated balance sheet

	2015 \$'000	2014 \$'000
Current assets		
Cash and cash equivalents	55,815	30,817
Trade and other receivables	14,794	5,585
Other financial assets	-	-
Current tax asset	-	1,881
Other assets	2,149	2,678
Total current assets	72,758	40,961
Non-current assets		
Investments in associates	44,013	16,870
Other financial assets	255	255
Property, plant and equipment	2,485	2,624
Deferred tax assets	3,021	3,346
Intangible assets	28,484	25,984
Total non-current assets	78,258	49,079
Total assets	151,016	90,040
Current liabilities		
Trade and other payables	47,386	21,216
Borrowings	4,000	-
Other financial liabilities	-	416
Current tax liabilities	1,610	-
Provisions	3,104	1,613
Other liabilities	678	382
Total current liabilities	56,778	23,627
Non-current liabilities		
Deferred tax liabilities	1,639	2,800
Borrowings	21,143	-
Provisions	228	241
Derivative financial instruments	466	-
Other liabilities	893	1,245
Total non-current liabilities	24,369	4,286
Total liabilities	81,147	27,913
Net assets	69,869	62,127
Equity		
Issued capital	42,779	40,179
Reserves	623	782
Retained earnings	26,467	21,166
Total equity	69,869	62,127
Summary of movements in consolidated retained earnings		
	2,015 \$'000	2,014 \$'000
Balance at beginning of financial year	21,166	22,186
Profit attributable to owner of the Company	16,084	9,500
Payment of dividends	(10,781)	(10,520)
Balance at end of financial year	26,467	21,166

29. Investment in associates

Name of associate	Country of incorporation	Proportion of owners interest and voting power held by the Consolidated Entity	
		2015 %	2014 %
Webjet Europe Ltd	Malta	50	50
Webjet Marketing North America LLC	United States of America	15	15

As these investments are immaterial to the Consolidated Entity, financial information is displayed in aggregate below.

	2015 \$'000	2014 \$'000
Aggregate carrying amount of individually immaterial associates	104	175
Aggregate amount of the Consolidated Entity's share of profits/(losses) of associates	(106)	(48)

30. Cash and cash equivalents

a. Reconciliation of cash and cash equivalents

	Consolidated	
	2015 \$'000	2014 \$'000
Cash and bank balances	76,230	51,792
Bank overdraft	-	-
	76,230	51,792

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

	Consolidated	
	2015 \$'000	2014 \$'000
Profit for the year	17,500	19,127
Impairment of non-current assets	-	190
Depreciation and amortisation	4,709	2,801
Share of losses from associates	106	48
Options expense	114	283
Foreign exchange translation	-	(1,115)
Changes in assets and liabilities		
Decrease/(increase) in trade, term and other receivables	10,024	(3,263)
Decrease/(increase) in prepayments	4,228	879
Decrease/(increase) in deferred tax	(602)	(439)
Increase/(decrease) in trade payables and accruals	15,625	(19,763)
Increase/(decrease) in provisions	1,617	(1,864)
Increase/(decrease) in tax liability	4,162	(2,241)
Increase/(decrease) in other liabilities	(22,054)	8,717
Net cash generated from operating activities	35,429	3,360

31. Financial instruments

This note explains the group's exposure to financial risks and how these risks could affect the group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

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

a) Capital risk management

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

b) Categories of financial instruments

	Consolidated	
	2015 \$'000	2014 \$'000
Financial assets		
Loans and receivables	34,764	20,308
Cash and cash equivalents	76,230	51,792
Available-for-sale financial assets	265	255
Derivatives	309	-
Financial liabilities		
Fair value through profit or loss (FVTPL):		
Amortised cost	98,342	43,266
Derivatives	466	-

c) Derivative instruments used by the Group

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

	\$'000	\$'000
Current assets		
Cross currency interest rate swap contracts - net investment hedges (i)	-	-
Foreign exchange contracts (ii)	309	-
Total current derivative financial assets	309	-
Current liabilities		
Cross currency interest rate swap contracts - net investment hedges (i)	466	-
Foreign exchange contracts		-
Total current derivative financial liabilities	466	-

i) Cross currency interest rate swap contract- net investment hedge

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

ii) Forward exchange contracts

Forward exchange contracts were entered into to manage foreign exchange rate risk on net working capital exposures relating to the Sunhotels group. These contracts are fair valued by comparing the contracted rate to the current market rate for a contract with the same remaining period to maturity. Any changes in fair values are recognised in hedge reserves. During the year ended 30 June 2015 there was a gain from increase in fair value of \$309,000 (2014: \$nil).

31 Financial instruments (cont'd)

Market Risk

i) Foreign exchange rate risk

The group risk management policy is to hedge between 75% and 85% of anticipated cash flows for the subsequent 6 months for the B2B operating segment.

Instruments used by the group

Given the significant foreign exchange exposures arising from the B2B business, the group has entered into forward exchange contracts to hedge against fluctuation in the Euro, Norwegian Krona, Swedish Krona, British Pound and United States dollar.

2015	USD '000	SGD '000	HKD '000	AED '000	EUR '000	Other '000
Cash and cash equivalents	4,575	2,010	5,206	37	4,455	6,795
Trade receivables	13,476	143	521	-	11,201	3,512
Trade payables	(4,109)	(2,067)	(1,912)	(3,402)	(21,913)	(1,569)
	13,942	86	3,815	(3,364)	(6,256)	8,739

2014	USD '000	SGD '000	HKD '000	AED '000	EUR '000	Other '000
Cash and cash equivalents	12,457	2,364	5,436	829	195	2,025
Trade receivables	7,680	1,012	667	1,559	904	584
Trade payables	(4,244)	(3,199)	(4,411)	(2,722)	(4,025)	(1,840)
	15,893	177	1,692	(334)	(2,926)	769

Hedge of net investment in foreign entity

In 2015, the parent entity has entered into a cross currency interest swap to hedge amounting translated net assets of Sunhotels group to Australian dollar. This instrument, which was taken out to purchase Sunhotels has been designated as a hedge of the net investment. The fair value and carrying amount of the financial liability at 30 June 2015 was \$466,219 (30 June 2014: \$nil). The foreign exchange loss of \$293,947 (2014: \$nil) on translation of the net assets of Sunhotels to Australian dollars at the end of the reporting period is recognised in other comprehensive income and accumulated in the hedge reserve (note 20). The ineffective portion of the hedge amounting to \$172,272 (2014:\$nil) has been recognised in profit and loss for the period.

Amounts recognised in profit or loss and other comprehensive income

Amounts recognised in profit and loss

Total net foreign exchange loss recognised in profit for the period

Amounts recognised in other comprehensive income

Net loss recognised in other comprehensive income

Consolidated	
2015	2014
000's	000's
172	-
294	-

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.

2015	USD (\$'000)	SGD (\$'000)	HKD (\$'000)	AED (\$'000)	EUR (\$'000)	Other (\$'000)
Profit or loss	1,394	9	381	(336)	(626)	874
Other equity	-	-	-	-	-	-

2014	USD (\$'000)	SGD (\$'000)	HKD (\$'000)	AED (\$'000)	EUR (\$'000)	Other (\$'000)
Profit or loss	1,589	18	169	(33)	(293)	77
Other equity	-	-	-	-	-	-

31 Financial instruments (cont'd)

ii) 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 2015 it had \$76,2M (2014: \$51.8M) in cash and deposits. The average interest rate on all deposits for 2014 was 3.22% (2014: 3.72%).

Average Interest Rates	Income (\$'000)	Variance to actual (\$'000)
4.72% (+1.0%)	1,368	324
4.22% (+0.5%)	1,206	162
3.72% Actual	1,044	-
3.22% (-0.5%)	882	(162)
2.72% (-1.0%)	720	(324)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity has adopted a policy of only dealing with parties considered to be creditworthy. The Consolidated Entity does not require collateral in respect of financial assets. The Consolidated Entity 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 and there is not considered to be any material concentration of credit risk within the Consolidated Entity.

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

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.

Contractual maturities of non-derivative financial liabilities at 30 June 2015	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amounts of assets/(liabilities)
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Non-derivatives							
Trade and other payables	73,199	-	-	-	-	73,199	73,199
Borrowings	2,511	2,941	4,883	17,320	-	27,655	25,143
	75,710	2,941	4,883	17,320	-	100,854	98,342

Contractual maturities of non-derivative financial liabilities at 30 June 2014	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amounts of assets/(liabilities)
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Non-derivatives							
Trade and other payables	43,266	-	-	-	-	43,266	43,266
Borrowings	-	-	-	-	-	-	-
	43,266	-	-	-	-	43,266	43,266

31 Financial instruments (cont'd)

Fair value measurement

The following assets and liabilities are recognised and measured at fair value on a recurring basis:

- Derivatives

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

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed are categorised according to the fair value hierarchy as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Recognised fair value measurements

The following table sets out the group's assets and liabilities that are measured and recognised at fair value in the financial statements

30 June 2015	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements					
<i>Financial assets</i>					
Derivatives - Foreign exchange contracts		-	309	-	309
Total financial assets		-	309	-	309
<i>Financial liabilities</i>					
Derivatives - Cross currency interest rate swaps		-	466	-	466
Total financial liabilities		-	466	-	466
30 June 2014		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements					
<i>Financial assets</i>					
Derivatives - Foreign exchange contracts		-	-	-	-
Total financial assets		-	-	-	-
<i>Financial liabilities</i>					
Derivatives - Cross currency interest rate swaps		-	-	-	-
Total financial liabilities		-	-	-	-

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

The group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

Disclosed fair values

The group also has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in the notes to the financial statements.

Due to their short-term nature, the carrying amount of trade receivables and payables are assumed to approximate their fair values.

The carrying amount of the borrowings disclosed in note 17 is assumed to approximate fair value because it is a variable rate loan.

31 Financial instruments (cont'd)

Recognised fair value measurements

The following table sets out the group's assets and liabilities that are measured and recognised at fair value in the financial statements.

Description	Valuation approach and inputs used
Derivatives- Cross currency interest rate swaps	Present value of estimated future cash flows based on observable yield curves
Derivatives- Foreign exchange contracts	Fair value based on forward exchange rates at reporting date

32. Share based payments

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

Employee share option plan

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
John Guscic – Tranche 1(c)	1,000,000	13/11/2013	30/06/2018	\$5.00	\$0.14
John Guscic – Tranche 2(c)	1,000,000	13/11/2013	30/06/2019	\$5.50	\$0.16
John Guscic – Tranche 3(c)	1,000,000	13/11/2013	30/06/2020	\$6.00	\$0.21

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

	2015		2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of the financial year	6,000,000	4.33	3,000,000	3.17
Granted during the financial year	-	-	3,000,000	5.50
Forfeited during the financial year	(500,000)	3.80	-	-
Exercised during the financial year (i)	(1,000,000)	2.60	-	-
Expired during the financial year	-	-	-	-
Balance at end of the financial year (ii)	4,500,000	4.78	6,000,000	4.33
Exercisable at end of the financial year	2,500,000	3.33	2,000,000	2.85

As at 30 June 2015, the exercise price on outstanding options range from \$3.10 to \$6.00

i) Exercised during the financial year

1,000,000 options granted to John Guscic under tranche 1(a) and tranche 1(b) have been exercised on the 25 February 2015 at an exercise price of \$2.60. The share price at date of exercise was \$3.83. The value of the options exercised by John Guscic was \$1,230,000.

ii) Balance at end of the financial year

The share options outstanding at the end of the financial year had a weighted average exercise price of \$4.78 (2014: \$4.33), and a weighted average remaining contractual life of 3.1 years (2014: 3.5 years).

33. Related party transactions

	Consolidated	
	2015 \$	2014 \$
Short-term employee benefits	2,678,690	1,745,956
Post-employment benefits	129,046	142,052
Share-based payment	114,390	283,127
	2,922,126	2,171,135

(b) 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 \$564,645 (2014: \$426,469) during the year. All transactions were conducted on a commercial arm's length basis and charged accordingly.

PT. AbdiTeknologiInformasi (ATI) of which Brad Holman is a director was paid a total of \$94,904 (2014: \$37,255) during the year. All transactions were conducted on a commercial arm's length basis and charged accordingly.

APD Acquire Pty Ltd formerly known as Deal Group Media Pty Ltd, a subsidiary of Asia Pacific Digital Limited of which Roger Sharp is a director was paid \$76,130 (2014: \$nil) during the year. All transactions were concluded on a commercial arm's length basis and charged accordingly.

34. Business combinations

a) Sunhotels Group

On 1 July 2014 the Group acquired 100% of the issued share capital of the following entities comprising the SunHotels Group:

Name of subsidiary	Country of incorporation
Sunhotels AG	Liechtenstein
Sunhotels Ltd	UK
Sunhotels Mundo	Spain
Zleeping AG	Liechtenstein
Fyrkant Ltd	UK
Busy Bee S.L	Spain
Incoming Ltd	UK
Eventholiday AG	Liechtenstein

SunHotels, established in 2002, is a substantial online hotel provider specialises in the provisioning of a wide range of hotels and transfers in open resort destinations selling into the major markets of Scandinavia and the UK. As such this acquisition will form an important cornerstone platform for the immediate extension of product sourcing and distribution opportunities underpinned by a fully owned and scalable technology platform which has been operational for over five years.

Goodwill has arisen from synergies expected to be achieved from the acquisition which include the utilization of the SunHotels proprietary software to operate the Groups' B2B business, customer relationships and a trained and assembled workforce which do not meet the definition of a separately identifiable intangible asset.

None of the goodwill is expected to be deducted for tax purposes. At 30 June 2015, the balance is \$14.38m. Details of the purchase consideration, the net assets acquired and goodwill are as follows:

34 Business combinations (cont'd)

	Fair value 1-Jul-14
SunHotels	AUD \$000s
Property, plant and equipment	5,136
Intangible Assets	8,748
Investments	58
Trade receivables	24,480
Cash and cash equivalents	5,618
Other receivables	1,789
Other assets	4,676
Net debt	(119)
Trade and other payables	(14,309)
Tax liabilities	(613)
Other liabilities	(23,876)
Net identifiable assets and liabilities	11,539
Goodwill on acquisition	14,381
Net assets acquired	25,970
Purchase consideration comprises:	
Cash paid	27,143
Purchase price adjustment	(1,173)
Total purchase consideration	25,970

i) Revenue and profit contribution

The acquired business contributed revenues of \$13.8m and net profit of \$0.46m to the group for the period from 1 July 2014 to 30 June 2015.

ii) Business Acquisition Costs

Legal fees, advisory costs, stamp duties and other acquisition-related costs of \$1.1m have been included in the profit or loss.

iii) Purchase consideration – cash outflow

	2015 \$'000	2014 \$'000
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	25,970	2,208
Less: Balances acquired		
Cash	(5,618)	-
Outflow of cash – investing activities	20,352	2,208

iv) Purchase price adjustment

The purchase price of \$27,142,857 was subject to an agreed surplus cash net working capital calculation. According to this calculation, the purchase price was reduced by \$1,173,186 and working capital increased by \$894,180.

v) Acquired receivables

Identifiable assets acquired include trade and other receivables with a gross contractual and fair value of \$24.5m. All amounts are expected to be collected.

vi) Contingent liabilities

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

35. Events after reporting date

A final dividend of 7.25 cents per share, fully franked has been declared by the directors for payment 17 October 2015.

36. 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-Jun-15 \$'000	30-Jun-14 \$'000
Financial position		
Assets		
Current assets	11,603	3,515
Non-current assets	77,868	48,769
Total assets	89,471	52,284
Liabilities		
Current liabilities	13,814	8,324
Non-current liabilities	27,127	2,721
Total liabilities	40,941	11,045
Equity		
Issued capital	42,779	40,179
Retained earnings	5,129	312
Reserves	623	748
Total equity	48,531	41,239
	30-Jun-15 \$'000	30-Jun-14 \$'000
Financial performance		
Profit for the year	15,653	11,025
Other comprehensive income	-	-
Total comprehensive income	15,653	11,025

37. Auditors remuneration

	Consolidated	
	2015 \$	2014 \$
Auditor of the parent entity		
Audit or review of the financial report	174,000	128,500
	174,000	128,500
Network firm of the parent entity auditor		
Audit or review of the financial report	198,800	97,300
	198,800	97,300

The auditor of Webjet Limited is BDO Audit (SA) Pty Ltd.



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEBJET LIMITED

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Webjet Limited, which comprises the consolidated balance sheet as at 30 June 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial 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 company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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



Independence

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

Opinion

In our opinion:

- (a) the financial report of Webjet Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in pages 7 to 11 of the directors' report for the year ended 30 June 2015. 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 2015 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (SA) Pty Ltd

Michael Haydon
Director

Adelaide, 19 August 2015

Additional securities exchange information as at 30 June 2015

Number of holders of equity securities

Ordinary Share Capital

80,397,959 fully paid ordinary shares are held by 4,447 individual shareholders. All issued ordinary shares carry one vote per share.

Options

4,500,000 options are held by an individual option holder. Options do not carry a right to vote.

Distribution of holders of equity securities

	Fully paid ordinary shares	Options
1 – 1,000	1,436	-
1,001 – 5,000	2,060	-
5,001 – 10,000	511	-
10,001 – 100,000	444	-
100,001 and over	41	1
	<u>4,492</u>	<u>1</u>
Holding less than a marketable parcel	200	-

Substantial shareholders

Ordinary shareholders

	Fully paid ordinary shares
	Number
Thorney Investments	8,625,345
Denver Investments	6,968,767
Mr Steven Scheuer	4,476,254
MicroEquities	4,229,723
State of Georgia Division of Investment Services	4,054,600
	<u>28,354,689</u>

Twenty largest holders of quoted equity securities

Ordinary shareholders

	Fully paid ordinary shares		Partly paid ordinary shares	
	Number	%	Number	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	19,879,199	24.73	-	-
J P MORGAN NOMINEES AUSTRALIA LIMITED	7,428,465	9.24	-	-
NATIONAL NOMINEES LIMITED	7,327,206	9.11	-	-
MR STEVEN SCHEUER <NO 1 ACCOUNT>	3,064,745	3.81	-	-
CITICORP NOMINEES PTY LIMITED	2,722,589	3.39	-	-
BNP PARIBAS NOMS PTY LTD <DRP>	2,381,615	2.96	-	-
EQUITAS NOMINEES PTY LIMITED <2874398 A/C>	2,180,268	2.71	-	-
JAYELLE SUPER PTY LTD <JOHN LEMISH SUPER FUND A/C>	2,050,000	2.55	-	-
MICROEQUITIES ASSET MANAGEMENT PTY LTD <NANOCAP NO 6 A/C>	2,017,455	2.51	-	-
MS KING-ENG TAN	1,656,299	2.06	-	-
MR STEVEN SCHEUER <NO 2 ACCOUNT>	1,135,717	1.41	-	-
MR JOHN LEMISH	960,000	1.19	-	-
BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE NO 1 A/C>	910,209	1.13	-	-
MR CHRIS CARR + MRS BETSY CARR	875,000	1.09	-	-
MR IAN STANLEY BOOTES + MRS KYLIE BOOTES	748,750	0.93	-	-
CRIMSON SKIES PTY LTD <CRIMSON SKIES S/F A/C>	595,637	0.74	-	-
RBC INVESTOR SERVICES AUSTRALIA NOMINEES P/L <WAM ACCOUNT>	373,063	0.46	-	-
DEBUSCEY PTY LTD	250,792	0.31	-	-
BT PORTFOLIO SERVICES LIMITED <YAZAD SUPER FUND A/C>	250,000	0.31	-	-
AMP LIFE LIMITED	237,913	0.30	-	-
	<u>57,044,922</u>	<u>70.94</u>	-	-