



Webjet Limited

ABN 68 002 013 612

Annual report for the financial year ended 30 June 2011

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Corporate Information

Registered Office	Share Registry
Level 9 492 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 9 492 St Kilda Road Melbourne Vic 3004	John Viegas Level 9 492 St Kilda Road Melbourne Vic 3004

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

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

Directors' report

The directors of Webjet Ltd submit herewith the annual financial report of the company and controlled entities for the financial year ended 30 June 2011. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Information about the directors and senior management

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

Name	Experience
David Clarke (Non Executive Chairman)	Held senior management positions with the Jetset travel group from 1977 to 1995. He is regarded as pioneering the introduction of wholesale packaging through distribution access in Australia and overseas, the development of an integrated franchise structure and one of the highest ranking travel brands in Australia in the 1990's. He has worked closely with most major airlines, including Qantas, British Airways, Ansett Australia, United Airlines and others over 25 years and is internationally recognised in the travel industry.
John Guscic BEc, MBA (Managing Director)	Former Chief Commercial Officer of GTA (a Travelport company). He has been instrumental in identifying and shaping new business ventures; forging strong, strategic relationships and managing both multinational and local customer retention and growth. Prior to Travelport, he founded his own successful strategic consultancy advising internet start-ups. Prior to his appointed as MD in February 2011, John has been a Director of Webjet since 2006.
Don Clarke LLB (Hons) (Non Executive Deputy Chairman)	Is a partner in the law firm Minter Ellison and has had extensive commercial experience. He has been associated with Webjet in his capacity as a senior legal advisor for over 10 years. Other current listed company directorships include Circadian Technologies Ltd and Phosphagenics Limited.
Allan Nahum FCA, FICD, AAISA (Non Executive Director)	Former partner in the Melbourne based accounting and consulting firm HLB Mann Judd, with extensive experience in the profession as a business consultant. He has worked in the travel industry as an Auditor and Consultant for over 39 years.
Chris Newman BEc, BComm (Non Executive Director)	Has had extensive experience over many years in investment analysis, stockbroking, mergers and acquisitions, and was instrumental in the original public listing of Webjet. Chris is presently a director of ASX listed public company Gunns Limited
Steven Scheuer BBus (Acc) (Non Executive Director)	After spending a number of years in public accounting practice, he established his own manufacturing and importing business using strong and well known clothing brand labels throughout Australia and New Zealand.
Richard Noon FCPA, BBus, Grad Dip (Acc) (Executive Director)	Has worked in many areas of the travel industry at senior executive levels, from hotels (Hilton and Sheraton), airlines, retail and tour wholesaling (Jetset Tours) to airfare consolidation (Concorde). He also worked for Citibank Australia as Vice President, Cash Management. Collectively, he has 35 years travel and 15 years internet marketing experience.

Directors' shareholdings

The following table sets out each director's shareholding as at 30 June 2011, their relevant interest in shares and options in the company as at the date of this report.

Directors	Fully paid ordinary shares		Share options
		Number	Number
David Clarke		15,443	180,000
John Guscic		159,450	-
Don Clarke		10,000	-
Allan Nahum		100,000	-
Chris Newman		900,000	-
Steven Scheuer		6,349,785	-
Richard Noon		2,235,000	150,000

Remuneration of directors and senior management

Information about the remuneration of directors and senior management is set out in the remuneration report of this Directors' Report, on page 6.

Share options granted to directors and senior management

During and since the end of the financial year no share options have been granted to directors or senior management.

Company secretary

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

Principal activities

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

Review of Operations

The year ended 30 June 2011 has produced a profit before tax of \$15.4 million (2010: \$14.5 million) and net profit after tax of \$11.0 million (2010: \$10.5 million). During the year the company has experienced a growth in total transaction values of \$88 million from \$504 million to \$592 million.

Total transaction values increased by 13% relative to the same period last year. The results demonstrate the potential leverage of Webjet's low cost base, tightly controlled marketing expenditure and deliberately focused business plan.

	30 June 2011 \$'M*	30 June 2010 \$'M*	30 June 2009 \$'M	30 June 2008 \$'M	30 June 2007 \$'M
Total transaction values	592	504	388	330	250
Total number of flight bookings ('000)	902	798	657	544	448
Net profit before tax	15.4	14.5	10.8	9.5	5.3
Net profit after tax					
Net profit after tax (including once-off tax credit)	11.0	10.5	7.7	9.4	4.0
Net profit after tax (excluding once-off tax credit)	11.0	10.5	7.7	6.7	4.0
Operating cash flow	14.7	14.1	8.5	11.2	6.7

Changes in state of affairs

There was no significant change in the state of affairs of the consolidated entity during the financial year.

Subsequent events

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

Share buyback

During 2011 Webjet Ltd bought 2,146,187 shares on-market totaling a value of \$4,327,403 (2010: nil).

Dividends

The final dividend for the year ended 30 June 2010 of \$0.055 per share fully franked to 100% was paid on 8 October 2010. The total payment was \$4.2M. An interim dividend for the year ended 30 June 2011 of \$0.05 per share fully franked totalling \$3.9M was paid on 14 April 2011. A final dividend of \$0.06 per share, fully franked to 100% has been declared by the directors for payment on 7 October 2011.

Shares under option or issued on exercise of options

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

Webjet Limited	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
David Clarke	180,000	ORD	\$1.3365	30/03/2012
John Lemish	375,000	ORD	\$1.3365	30/03/2012
Richard Noon	150,000	ORD	\$1.3480	31/08/2014

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

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

Webjet Limited	Number of shares issued	Class of shares	Amount paid for shares	Amount unpaid on shares
Richard Noon	1,100,000	ORD	\$1,482,800	-

Indemnification of officers and auditors

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

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

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 15 board meetings, 0 nomination and remuneration committee meetings and 7 audit and risk committee meetings were held.

Directors	Board of directors		Nomination & remuneration committee		Audit committee	
	Held	Attended	Held	Attended	Held	Attended
David Clarke	15	15	-	-	-	-
John Guscic	15	12	-	-	-	-
Don Clarke	15	15	-	-	7	7
Allan Nahum	15	11	-	-	7	6
Chris Newman	15	11	-	-	7	7
Steven Scheuer	15	11	-	-	-	-
Richard Noon	15	14	-	-	-	-

Non-audit services

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence as the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards. The following fees for non-audit services were paid/payable to the external auditors or their associated entities during the year ended 30 June 2011:

	BDO (QLD)	BDO (VIC)
Taxation compliance services	-	20,455
Taxation advice on research and development	12,100	-
Other general services	-	-

Auditor's independence declaration

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

Rounding off of amounts

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

Remuneration report

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 2011**. The prescribed details for each person covered by this report are detailed below under the following headings:

- director and senior management details
- remuneration policy
- remuneration of directors and senior management
- service and employment agreements of key executives.

Director and senior management details

The following persons acted as directors of the company during or since the end of the financial year:

- David Clarke
- John Guscic
- Don Clarke
- Allan Nahum
- Chris Newman
- Steven Scheuer
- Richard Noon (appointed 18 August 2010)

The term 'senior management' is used in this remuneration report to refer to the following persons. 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:

- John Guscic (Executive Managing Director – appointed 1 February 2011)
- Richard Noon (Director of Finance & Technology)
- Shelley Beasley (Chief Operating Officer – appointed 21 February 2011)
- Mathias Friess (Chief Executive Officer, Webjet North America LLC)
- Tim Wagg (General Manager Customer Operations)

Remuneration Policy

The consolidated entity's remuneration policy seeks to ensure that:

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

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

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

The company monitors remuneration levels through industry comparisons, market intelligence and comparative data of publicly listed companies and takes external specific advice from specialists when considered necessary.

Relationship between the remuneration policy and company performance

The financial and business performance of the Company (of which the overall earnings and performance of the Company 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 Company's performance and the actual shareholder wealth generated in that, financial results are important factors in determining the remuneration policies and/or overall remuneration of the key management personnel in any year.

	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2007 \$'000
Revenue	45,719	38,877	30,118	25,155	17,495
Net profit before tax	15,386	14,508	10,774	9,472	5,263
Net profit after tax	11,006	10,517	7,678	9,370	3,996

	30 June 2011	30 June 2010	30 June 2009	30 June 2008	30 June 2007
Share price at start of year	\$1.88	\$1.30	\$1.26	\$1.26	\$1.20
Share price at end of year	\$2.00	\$1.88	\$1.32	\$1.35	\$1.26
Interim dividend ¹	5.0cps	5.0cps	3.0cps	2.0cps	-
Final dividend ¹	6.0cps	5.5cps	3.5cps	3.0cps	2.0cps
Basic earnings per share	14.41	13.93	10.24	12.52	4.96
Diluted earnings per share	14.33	13.76	10.24	12.45	4.65

¹ Franked to 100% at corporate income tax rate

Remuneration of directors and senior management

2011	Salary & fees \$	Short-term employee benefits			Post-employment benefits Superannuation \$	Other long-term employee benefits \$	Share-based payment Options & rights \$	Total \$
		Bonus \$	Non-monetary \$	Other \$				
Non-executive directors								
David Clarke (a) (b)	402,000	328,500	-	2,700	48,000	317,305	-	1,098,505
Don Clarke	41,834	-	-	-	3,766	-	-	45,600
Allan Nahum	57,500	-	-	-	43,750	-	-	101,250
Chris Newman	44,678	-	-	-	4,022	-	-	48,700
Steven Scheuer	25,412	-	-	-	2,288	-	-	27,700
	571,424	328,500	-	2,700	101,826	317,305	-	1,321,755
Key Management Personnel								
John Guscic	198,660	-	-	-	17,879	-	-	216,539
Richard Noon	360,200	200,000	-	4,800	50,000	-	-	615,000
Shelley Beasley	121,131	-	-	-	4,944	-	-	126,075
Mathias Friess	245,245	47,408	27,755	-	-	-	-	320,408
Tim Wagg	197,002	49,729	-	-	47,998	-	-	294,729
	1,122,238	297,137	27,755	4,800	120,821	-	-	1,572,751

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

The following key management personnel were granted a cash bonus on 21 July 2010 based on group performance against budget for 2010 and paid during the year ended 30 June 2011. 100% of the bonuses payable vested with the employees.

Richard Noon	\$200,000
Tim Wagg	\$49,729

Mathias Friess was paid quarterly bonuses totaling \$47,408 for three quarters in the 2011 year.

2010	Salary & fees \$	Short-term employee benefits			Post-employment benefits Superannuation \$	Other long-term employee benefits \$	Share-based payment Options & rights \$	Total \$
		Bonus \$	Non-monetary \$	Other \$				
Non-executive directors								
Allan Nahum	53,500	-	-	-	46,250	-	-	99,750
Chris Newman	42,385	-	-	-	3,815	-	-	46,200
Steven Scheuer	23,119	-	-	-	2,081	-	-	25,200
John Guscic	30,450	-	-	-	-	-	-	30,450
Don Clarke	42,385	-	-	-	3,815	-	-	46,200
	191,839	-	-	-	55,961	-	-	247,800
Key Management Personnel								
David Clarke	502,000	225,000	-	3,600	48,000	-	-	778,600
Richard Noon	350,030	70,000	-	4,800	50,000	-	-	474,830
John Lemish	175,000	25,000	-	-	50,000	-	-	250,000
Alex Orlov	165,138	38,460	-	-	14,862	-	-	218,460
Tim Wagg	115,410	-	-	-	28,000	-	-	143,410
	1,307,578	358,460	-	8,400	190,862	-	-	1,865,300

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

Bonuses

For the Key Management Personnel listed here, with the exception of M Friess the bonus plan is based on the company achieving the Board approved budget for the full year's result.

The company also operates a companywide bonus incentive scheme. This scheme has been amended during the year and is now currently set as an entitlement to a quarterly bonus upon the company achieving the board approved quarterly budget payable each quarter.

Employee share option plan

The Webjet share option plan is no longer in existence with no further options issued during the year.

Schedule of bonuses

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

	Total Cash Bonus at Risk \$	Achievement of 2011 Group Budget \$	Over Budget 2011 Incremental Bonus \$	Quarterly Profit Incentives \$	Total Bonus	% Performance Related
J Guscic (a)	71,500	71,500	-	-	71,500	25%
R Noon	203,750	100,000	41,500	-	141,500	33%
S Beasley	30,000	30,000	-	-	30,000	19%
M Friess	14,095	-	-	14,095	14,095	18%
T Wagg	85,250	50,000	24,500	-	74,500	22%

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

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

Bonuses are determined according to the following time frames

1. Key Management Personnel on the full year's results (exception M. Friess)
2. Employee's on the quarterly results

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

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

Tax deferred shares

There were no tax deferred shares granted to staff in the year ended June 2011 (2010: nil).

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

Options series	Grant date	No of options	Exercise price	Expiry date	Grant date fair value	Vesting date
D Clarke	10/11/2004	750,000	\$1.3365	30/03/2012	\$0.0568	31/03/2007
J Lemish	10/11/2004	375,000	\$1.3365	30/03/2012	\$0.0568	31/03/2007
R Noon	07/03/2006	1,250,000	\$1.3480	31/08/2014	\$0.3500	1/09/2009

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

Name	No. of options exercised	No. of ordinary shares of Webjet Ltd issued	Amount paid	Amount unpaid
Richard Noon	1,100,000	1,100,000	\$1,482,800	-

Unexercised Options over Ordinary Shares

Details of unissued shares or interests under option held by directors or senior executives as at the date of this report are:

	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
David Clarke	180,000	ORD	1.3365	30/03/2012
Richard Noon	150,000	ORD	1.3480	31/08/2014

Service and employment agreements of key executives

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

	Agreement Date	Term (Years)	Notice Period	Termination Payment	Base Salary (Inc Superannuation) \$	Salary at Risk \$	Possible Total \$
J Guscic (a)	1 February 2011	3	12 Months	12 months in lieu of notice	530,000	174,900	704,900
R Noon	9 September 2008	3.5	6 Months	6 months in lieu of notice	430,000	207,500	637,500
S Beasley	21 March 2011	3	12 Months	12 months in lieu of notice	350,000	87,500	437,500
T Wagg	23 November 2009	3	6 Months	6 months in lieu of notice	251,615	87,742	339,357
M Friess	17 September 2009	3	6 Months	6 months in lieu of notice	272,446	30,594	303,040

- (a) John Guscic is also entitled to a Long Term Incentive (to commence on July 1 2011 and capped at a maximum value equal to 33% of the Fixed Remuneration or Base Salary) in the form of a grant of shares and/or options to acquire shares in Webjet. The issuance of any shares and/or options will be subject to shareholder approval at the next AGM.

Key management personnel remuneration philosophy

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

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

Remuneration Committee

The current members of the Nomination and Remuneration Committee are the independent directors Don Clarke and Allan Nahum. The Committee receives external assistance and advice to assist it in determining appropriate levels of remuneration for the directors of the Company.

Senior Management and Executive Director Remuneration

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

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

Remuneration consists of the following key elements:

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

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

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level which provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders. When setting fees for individual directors, account is taken of the responsibilities inherent in stewardship of the consolidated entity and the demands made of directors in the discharge of their responsibilities.

The board is remunerated as follows:

Responsibility	Total Remuneration
Chairman (No additional fees)	150,000
Deputy Chairman (No additional fees)	90,000
Board Member	35,200
<i>Additional committee fees</i>	
Audit and risk committee	21,000
Nomination and remuneration committee	18,800

Fixed remuneration

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

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

Variable remuneration

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

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)
10 August 2011

Corporate governance statement

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

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

Board Responsibilities

The Board's key responsibilities are:

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

Structure of Board

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

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

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

Code of Conduct

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

Audit and Risk Committee

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

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

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

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

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

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

Business Risk Management

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

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

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

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 group, 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 group's vision, values and overall business objectives. In effect, the committee must give appropriate consideration to the Company's performance and objectives, employment conditions and remuneration relativities.

Disclosure

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

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

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

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

Performance and Remuneration

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

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

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

The current members of the Nomination and Remuneration Committee are Don Clarke and Allan Nahum. The Committee receives external assistance and advice to assist it in determining appropriate levels of remuneration for the directors of the Company.

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



Tel: +61 8 7324 6000
Fax: +61 8 7324 6111
www.bdo.com.au

BDO Centre
Level 7, 420 King William Street
Adelaide SA 5000
GPO Box 2018, Adelaide SA 5001
Australia

AUDITOR'S INDEPENDENCE DECLARATION

Under s307C of the Corporations Act 2001

To the Directors of Webjet Limited and Controlled Entities

As lead auditor of Webjet Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

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

A handwritten signature in blue ink, appearing to read 'Gregory R Wiese', is written over a light blue horizontal line.

Gregory R Wiese

Partner

BDO (SA)

9 August 2011

Managing Director and Financial Controller Declaration

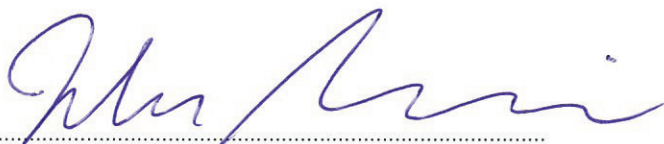
The Executive Managing Director and Financial Controller of Webjet Limited declare that:

1. With regard to the integrity of the financial statements of Webjet Limited for the financial year ended 30 June 2011, that having made appropriate enquiries, in our opinion:
 - (a) the financial records of Webjet Limited and of the entities whose financial statements are required to be included in its consolidated financial statements (the consolidated entity) for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001; and
 - (b) the financial reports of Webjet Limited and of the consolidated entity, being the financial statements and notes thereto, present a true and fair view, in all material respects of the financial position and performance of Webjet Limited and of the consolidated entity in accordance with section 297 of the Corporations Act 2001 and comply with relevant accounting standards, in all material respects, in accordance with section 296 of the Corporations Act 2001.

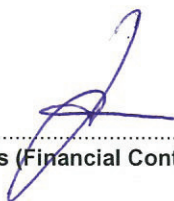
2. With regard to the risk management and internal compliance and control systems of Webjet Limited and the consolidated entity in operation as at 30 June 2011, that having made appropriate enquiries, within the context described in point 3 below, to the best of our knowledge and belief:
 - (a) The statements made in 1(b) above regarding the integrity of the financial reports is founded on a sound system of risk management and internal compliance and control systems which, in all material respects, implement the policies adopted by the Board of Directors.
 - (b) The risk management and internal compliance and control systems to the extent they relate to financial reporting are operating effectively, in all material respects.
 - (c) Nothing has come to our attention since 30 June 2011 that would indicate any material change to the statements made in 1(a) and 1(b) above, and

3. The statements made in 2 above regarding the risk management and internal compliance and control systems are made within the following context:
 - (a) These statements provide a reasonable, but not absolute, level of assurance and do not imply a guarantee against adverse events or more volatile outcomes arising in the future.
 - (b) The design and operation of the risk management and internal compliance and control systems relating to financial reporting has been assessed primarily through the use of declarations by process owners who are responsible for those systems.

Dated 10 August 2011



John Guscic (Managing Director)



John Viegas (Financial Controller/Company Secretary)

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 2 to the financial statements;
- (c) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
- (d) 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)

10 August 2011

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Consolidated statement of comprehensive income for the financial year ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
Revenue	5	43,548	37,138
Investment income	6	2,141	1,739
Other gains and losses	7	30	-
		45,719	38,877
Share of losses of associates	27	(273)	-
Employee benefits expenses		(8,495)	(7,390)
Depreciation, amortisation and impairment expenses		(439)	(314)
Marketing expenses		(8,656)	(7,619)
Operating costs		(9,027)	(6,059)
Technology expenses		(1,696)	(1,606)
Administrative expenses		(593)	(492)
Directors' fees		(290)	(248)
Other expenses		(864)	(641)
Profit before tax		15,386	14,508
Income tax expense	8	(4,380)	(3,991)
PROFIT FOR THE YEAR	9	11,006	10,517
Other comprehensive income			
Exchange differences on translating foreign operations		(142)	58
Other comprehensive income for the year, net of tax		(142)	58
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		10,864	10,575
Profit/(loss) attributable to:			
Owners of the Company		11,115	10,567
Non-controlling interests		(109)	(50)
		11,006	10,517
Total comprehensive income attributable to:			
Owners of the Company		10,974	10,625
Non-controlling interests		(110)	(50)
		10,864	10,575
Earnings per share			Cents
Basic (cents per share)	22	14.41	13.93
Diluted (cents per share)		14.33	13.76

Notes to the financial statements are included on pages 22 to 57.

Consolidated statement of financial position as at 30 June 2011

		Consolidated	
Note	2011 \$'000	2010 \$'000	
Current assets			
Cash and cash equivalents	29	31,626	17,317
Trade and other receivables	10	2,337	2,100
Other financial assets	11	9,194	21,562
Other assets	12	47	120
Total current assets		43,204	41,099
Non-current assets			
Investments in associates	27	30	-
Other financial assets	11	211	200
Property, plant and equipment	13	1,065	1,126
Deferred tax assets	8	2,662	2,499
Intangible assets	14	7,652	6,547
Total non-current assets		11,620	10,372
Total assets		54,824	51,471
Current liabilities			
Trade and other payables	15	11,045	7,689
Other financial liabilities	16	11	-
Current tax liabilities	8	1,029	1,215
Provisions	17	415	613
Other liabilities	18	55	-
Total current liabilities		12,555	9,517
Non-current liabilities			
Deferred tax liabilities	8	2,044	1,578
Provisions	17	10	65
Total non-current liabilities		2,054	1,643
Total liabilities		14,609	11,160
Net assets		40,215	40,312
Equity			
Contributed equity	19	23,214	25,674
Reserves	20	657	1,183
Retained earnings	21	16,154	13,155
Equity attributable to owners of the Company		40,025	40,012
Non-controlling interests	28	190	300
Total equity		40,215	40,312

Notes to the financial statements are included on pages 22 to 57.

**Consolidated statement of changes in equity
 for the financial year ended 30 June 2011**

	Fully paid ordinary shares \$'000	Retained earnings \$'000	Foreign currency translation reserve \$'000	Option reserve \$'000	Total attributable to owners of the parent \$'000	Non- controlling interests \$'000	Total \$'000
Balance at 30 June 2009	23,569	9,058	-	1,243	33,870	-	33,870
Changes							
Profit for the year	-	10,567	-	-	10,567	(50)	10,517
Other comprehensive income for the year, net of income tax	-	-	58	-	58	-	58
Total comprehensive income for the year	-	10,567	58	-	10,625	(50)	10,575
Share issue (exercise of options)	1,987	-	-	-	1,987	-	1,987
Dividends paid	-	(6,470)	-	-	(6,470)	-	(6,470)
Additional non-controlling interest (see note 28)						350	350
Transfers to and from reserves							
Options exercised	118	-	-	(118)	-	-	-
Recognition of share based payments							
Options expense	-	-	-	-	-	-	-
Sub-total	2,105	4,097	58	(118)	6,142	300	6,442
Balance at 30 June 2010	25,674	13,155	58	1,125	40,012	300	40,312
Balance at 1 July 2010	25,674	13,155	58	1,125	40,012	300	40,312
Changes							
Profit for the year	-	11,115	-	-	11,115	(109)	11,006
Other comprehensive income for the year, net of income tax	-	-	(141)	-	(141)	(1)	(142)
Total comprehensive income for the year	-	11,115	(141)	-	10,974	(110)	10,864
Share issue (exercise of options)	1,483	-	-	-	1,483	-	1,483
Buy-back of ordinary shares	(4,328)	-	-	-	(4,328)	-	(4,328)
Dividends paid	-	(8,116)	-	-	(8,116)	-	(8,116)
Additional non-controlling interest (see note 28)	-	-	-	-	-	-	-
Transfers to and from reserves							
Options exercised	385	-	-	(385)	-	-	-
Recognition of share based payments							
Options expense	-	-	-	-	-	-	-
Sub-total	(2,860)	2,999	(141)	(385)	13	(110)	(97)
Balance at 30 June 2011	23,214	16,154	(83)	740	40,025	190	40,215

Notes to the financial statements are included on pages 22 to 57.

Consolidated statement of cash flows for the financial year ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
Cash flows from operating activities			
Receipts from customers		43,488	36,521
Payments to suppliers and employees		(26,581)	(20,161)
Interest received		2,121	1,539
Income tax paid		(4,314)	(3,843)
Net cash generated by operating activities	29	14,714	14,056
Cash flows from investing activities			
Payments for property, plant and equipment	13	(296)	(574)
Payments for intangible assets	14	(1,233)	(1,014)
Payments to acquire financial assets		(415)	(202)
Proceeds from disposal of floating rate notes		12,500	-
Net cash generated/(used in) by investing activities		10,556	(1,790)
Cash flows from financing activities			
Proceeds from issue of share capital		1,483	1,987
Payment for share buy-back		(4,328)	-
Payment of dividends		(8,116)	(6,470)
Net cash used in financing activities		(10,961)	(4,483)
Net increase in cash and cash equivalents		14,309	7,783
Cash and cash equivalents at the beginning of the financial year			
Effects of exchange rate changes on the balance of cash held in foreign currencies		(1)	-
Cash and cash equivalents at the end of the financial year	29	31,626	17,317

Notes to the financial statements are included on pages 22 to 57.

1. General information

Webjet Ltd (the company) is a public company listed on the ASX and incorporated in Australia.

Webjet Ltd registered office and its principal place of business are as follows:

Registered office	Principal place of business
Level 9	Level 9
492 St Kilda Road	492 St Kilda Road
Melbourne Victoria 3004	Melbourne Victoria 3004

The financial statements relate to the consolidated entity consisting of Webjet Limited and its subsidiaries. Separate financial statements for Webjet Limited as an individual entity are no longer presented as the consequence of a change to the Corporations Act 2001, however, limited financial information for Webjet Limited as an individual entity are included in Note 36. The entity's principal activity is an on-line travel agency.

2. Statement of significant accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations, and complies with other requirements of the law.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 10 August 2011.

Basis of preparation

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which fair value basis of accounting has been applied. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise stated.

Adoption of new and revised Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below. The Group has also adopted the following Standards as listed below which only impacted on the Group's financial statements with respect to disclosure:

- Amendments to AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'
- Amendments to AASB 7 'Financial Instruments: Disclosure'
- Amendments to AASB 101 'Presentation of Financial Statements'
- Amendments to AASB 107 'Statement of Cash Flows'

New accounting standards and interpretations

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

- AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project' – Except for the amendments to AASB 5 and AASB 107 described earlier, the application of AASB 2009-5 has not had any material effect on amounts reported in the financial statements.
- AASB 2009-8 'Amendments to Australian Accounting Standards - Group Cash-Settled Share-based Payment Transactions' – The application of AASB 2009-8 makes amendments to AASB 2 'Share-based Payment' to clarify the scope of AASB 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.
- AASB 2009-10 'Amendments to Australian Accounting Standards - Classification of Rights Issues' - The application of AASB 2009-10 makes amendments to AASB 132 'Financial Instruments: Presentation' to address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments.

2. Significant accounting policies (cont'd)

New accounting standards and interpretations (cont'd)

- AASB 2010-3 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project' – The application of AASB 2010-3 makes amendment to AASB 3 (2008) 'Business Combinations' to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other Standards. In addition, the application of AASB 2010-3 makes amendments to AASB 3(2008) to give more guidance regarding the accounting for share-based payment awards held by the acquiree's employees. Specifically, the amendments specify that share-based payment transactions of the acquiree that are not replaced should be measured in accordance with AASB 2 'Share-based Payment' at the acquisition date ('market-based measure').
- AASB 2010-4 "Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project" - Except for the amendments to AASB 7 and AASB 101 described earlier this section, the application of AASB 2010-4 has not had any material effect on amounts reported in the financial statements.
- Interpretation 19 "Extinguishing Financial Liabilities with Equity Instrument" - This Interpretation provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. In particular, the equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss. To date, the Group has not entered into transactions of this nature.

Standards and Interpretations in issue not yet adopted

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

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 124 'Related Party Disclosures' (revised December 2009), AASB 2009-12 'Amendments to Australian Accounting Standards'	1 January 2011	30 June 2012
• AASB 9 'Financial Instruments', AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2013	30 June 2014
• AASB 2009-14 'Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement'	1 January 2011	30 June 2012
• AASB 2010-5 'Amendments to Australian Accounting Standards'	1 January 2011	30 June 2012
• AASB 2010-6 'Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets'	1 July 2011	30 June 2012
• AASB 2010-8 'Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets'	1 January 2012	30 June 2013

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) (referred to as 'the Group' in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In preparing these consolidated financial statements, all inter-company balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full. A controlled entity is an entity Webjet Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

2. Significant accounting policies (cont'd)

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

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

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

(c) Investments in associates

An associate is an entity over which the Group 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 balance sheet at cost as adjusted for post-acquisition changes in the Group'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 Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group'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 Group'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 group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

2. Significant accounting policies (cont'd)

(d) Foreign currency

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

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. 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 foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- 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 Group'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 Group'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 Group 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.

(e) Goods and services tax

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

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense;
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the cash flow statement 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.

2. Significant accounting policies (cont'd)

(f) Revenue

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

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

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

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

(g) Government grants

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised as income of the period in which the grant becomes receivable.

(h) Share-based payments

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

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

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

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

(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 is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. 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.

2. Significant accounting policies (cont'd)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures except where the Group 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 Group 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 Group 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 group 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 six months or less at the date of acquisition. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(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.

2. Significant accounting policies (cont'd)

Effective interest method

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

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

Available-for-sale financial assets

Certain financial assets such as floating rate notes held by the Group 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 Group'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 each balance sheet date. 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.

2. Significant accounting policies (cont'd)

(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 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, equipment and leasehold improvements	15%
Computer equipment and software	40%

(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 the statement of comprehensive income as other operating income or other operating costs, respectively.

(n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(o) Leased assets

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease with the exception of the property lease which does allow for immaterial annual increases.

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.

Group as lessee

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

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

Finance leased assets are amortised on a straight-line basis over the estimated useful life of the asset. 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

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

2. Significant accounting policies (cont'd)

(p) Intangible assets

Intangible assets internally generated

The Travel Service Aggregator (TSA) (internet booking platform) and licences are initially recognised at cost. The related benefits have an indefinite life. The portion which carries an indefinite life is capitalised at \$4.88M representing the framework of the internet booking platform.

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

The Company assessed the probability of expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of foreseeable economic conditions.

Intangible assets acquired separately

The intangible assets with a value of \$493K have been acquired through the interest in the subsidiary of Webjet Marketing North America LLC. These have been recorded at cost and part have been amortised on a straight-line basis over their estimated useful lives \$367K. Whereas part carry an indefinite useful life (\$126K) which represent the intellectual property acquired in the set up of the subsidiary.

(q) Impairment of Assets

At each reporting date, the consolidated entity reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that these 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 loss. Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives are tested for impairment 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 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 (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent 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 (cash generating unit) in prior years. A reversal of an impairment loss is recognised in profit and loss immediately.

(r) Employee benefits

Wages, salaries and annual leave

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

Long Service Leave

The liabilities for long service leave are recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds terms to maturity and currency that match, as closely as possible, the estimated future cash outflows

(s) 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.

2. Significant accounting policies (cont'd)

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.

(t) **Share-based payment transactions**

The consolidated entity operates a number of share-based compensation plans. These include both a share option arrangement and a tax deferred share scheme. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options are recognised as an expense in the income statement. The total amount to be expensed over the vesting period, for equity settled share-based payments granted after 7 November 2002 that were unvested as of 1 January 2005, is determined by reference to the fair value of the share options granted.

Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimates for the effects of non-transferability, exercise restrictions, and continued employment.

The fair value determined at 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 estimates of shares that will eventually vest.

(u) **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.

(v) **Provisions**

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

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

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

Onerous contracts

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

Restructurings

A restructuring provision is recognised when the Group 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.

Warranties

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

2. Significant accounting policies (cont'd)

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At subsequent reporting dates, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognised less cumulative amortisation recognised in accordance with AASB 118 'Revenue'.

(w) 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.

(x) Rounding of amounts

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

3. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the entity's accounting policies

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

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

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

(i) Key Estimates - Impairment

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

4. Segment information

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

- Flight bookings – Australia & New Zealand (ANZ)
- Flight bookings – Other locations

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

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

Segment revenues and results

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

	Revenue		Segment profit	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Flight bookings – ANZ	40,842	36,968	13,913	12,869
Flight bookings – Other locations	2,706	170	(698)	(100)
Other revenue			2,171	1,739
Profit before tax			15,386	14,508
Income tax expense			(4,380)	(3,991)
Consolidated segment revenue and profit for the period	43,548	37,138	11,006	10,517

Segment assets and liabilities

	Segment assets	
	2011 \$'000	2010 \$'000
Flight bookings – ANZ	31,414	29,832
Flight bookings – Other locations	1,095	1,441
Other	22,315	20,198
Total segment assets	54,824	51,471
Consolidated total assets	54,824	51,471

4. Segment information (cont'd)

	Segment liabilities	
	2011 \$'000	2010 \$'000
Flight bookings – ANZ	13,893	10,321
Flight bookings – Other locations	716	839
Other	-	
Total segment liabilities	14,609	11,160
Consolidated total liabilities	14,609	11,160

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

- All assets are allocated to reportable segments other than interests in associates, 'other financial assets' and current and deferred tax assets. Assets used by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and
- All liabilities are allocated to reportable segments other than borrowings, 'other financial liabilities', current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Revenue from major products and services

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

	Revenue from major products and services	
	2011 \$'000	2010 \$'000
Flight bookings	43,548	37,138
	43,548	37,138

Geographical information

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

	Revenue from external customers		Non-current assets*	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Australia & New Zealand	40,842	36,968	8,353	7,329
Other	2,706	170	364	344
	43,548	37,138	8,717	7,673

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

5. Revenue

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

	Consolidated	
	2011 \$'000	2010 \$'000
Revenue from the sale of services	43,548	37,138

6. Investment income

	Consolidated	
	2011 \$'000	2010 \$'000
Interest income:-		
Bank deposits	1,408	398
Available-for-sale-investments	713	1,341
	2,121	1,739
Dividend income:-		
Available-for-sale-investments	20	-
	20	-
	2,141	1,739

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

	Consolidated	
	2011 \$'000	2010 \$'000
Available-for-sale-investments	733	1,341
Loans and receivables (including cash and bank balances)	1,408	398
	2,141	1,739

7. Other gains and losses

	Consolidated	
	2011 \$'000	2010 \$'000
Gain on disposal of available-for-sale-investments	30	-

No other gains or losses have been recognised in respect of loans and receivables or held-to-maturity investments, other than disclosed in notes 9 and 10 and impairment losses recognised/reversed in respect of trade receivables .

8. Income taxes

Income tax recognised in profit or loss

	Consolidated	
	2011 \$'000	2010 \$'000
Current tax		
Current tax expense in respect of the current year	4,077	3,681
Adjustments recognised in the current year in relation to the current tax of prior years	-	(175)
	4,077	3,506
Deferred tax		
Deferred tax expense recognised in the current year	303	485
	303	485
Total income tax expense recognised in the current year	4,380	3,991

8. Income taxes (cont'd)

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

	Consolidated	
	2011 \$'000	2010 \$'000
Profit before tax from operations	15,386	14,508
Income tax expense calculated at 30% (2010: 30%)	4,616	4,352
Effect of overseas associates expenses not deductible	80	-
Effect of overseas subsidiaries expenses not deductible	(45)	30
Effect of previously unrecognised overseas tax losses not recognised as deferred tax assets	(40)	-
Effect of expenses that are not deductible in determining taxable profit	-	5
Effect of utilised franking credits	(6)	-
Effect of R&D tax incentives	(212)	(208)
Capital allowance	(13)	(13)
Adjustments recognised in the current year in relation to the current tax of prior years	-	(175)
	4,380	3,991

The tax rate used for the 2011 and 2010 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	
	2011 \$'000	2010 \$'000
Current tax liabilities		
Income tax payable	1,029	1,215
Other	-	-
	1,029	1,215

Deferred tax balances

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

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

8. Income taxes (cont'd)

2010	Consolidated					
	Opening balance \$'000	Under/over provision \$'000	Recognised in profit or loss \$'000	Recognised in comprehensive income \$'000	Recognised directly in equity \$'000	Closing balance \$'000
Deferred tax liability						
Intangibles	(1,280)	-	(298)	-	-	(1,578)
	(1,280)	-	(298)	-	-	1,578
Deferred tax asset						
Financial assets	16	-	-	-	-	16
Allowance for doubtful debts	29	-	-	-	-	29
Sundry expense accruals	117	-	(92)	-	-	25
Provision for employee benefits	188	-	15	-	-	203
Expenses deductible over 5 years	2	-	(2)	-	-	-
Capital allowance	2,332	-	(106)	-	-	2,226
	2,684	-	(185)	-	-	2,499
Unused tax losses and credits	-	-	-	-	-	-
	2,684	-	(185)	-	-	2,499

Tax consolidation

Relevance of tax consolidation to the Group

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 Ltd. The members of the tax-consolidated group are identified at note 26.

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. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group.

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.

9. Profit for the year

Profit for the year from operations is attributable to:-

	Consolidated	
	2011 \$'000	2010 \$'000
Owners of the Company	11,115	10,567
Non-controlling interests	(109)	(50)
	11,006	10,517

9. Profit for the year (cont'd)

	Consolidated	
	2011 \$'000	2010 \$'000
Impairment losses on financial assets		
Impairment loss recognised on trade receivables	7	-
Impairment loss recognised on available-for-sale-equity investments	-	-
	7	-
Depreciation and amortisation expense		
Depreciation of property, plant and equipment	311	301
Amortisation of intangible assets	128	13
	439	314
Research and development costs expensed as incurred	599	1,100
Employee benefits expense		
Share-based payments	-	-
Termination benefits	-	-
Other employee benefits	8,495	7,390
	8,495	7,390
Due diligence costs expensed as incurred	250	-
Operating lease expense	385	332

10. Trade and other receivables

	Consolidated	
	2011 \$'000	2010 \$'000
Trade receivables	2,260	1,898
Allowance for doubtful debts	(46)	(100)
Other	123	302
	2,337	2,100

The average credit period for trade receivables is 30 to 90 days. An amount only becomes due on completion of the contract period which may be up to 12 months. Management is prudent in its provisions against these receivables and as such has provided for all balances over 90 days and any of those over 30 days that may be considered potentially irrecoverable. Trade receivables are non interest bearing.

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

	Consolidated	
	2011 \$'000	2010 \$'000
31-60	611	625
61-90	75	35
91-120	-	-
Total	686	660

Movement in the allowance for doubtful debts:

	Consolidated	
	2011 \$'000	2010 \$'000
Balance at the beginning of the year	100	100
Impairment losses recognised on receivables	-	-
Impairment losses reversed	(54)	-
Balance at the end of the year	46	100

11. Other financial assets

	Consolidated	
	2011 \$'000	2010 \$'000
Available-for-sale investments carried at fair value:		
<i>Current</i>		
Floating rate notes (i)	9,194	21,562
<i>Non-current</i>		
Shares in unlisted companies (ii)	200	200
Shares in listed companies	11	-
	211	200
	9,405	21,762
Disclosed in the financial statements as:		
Current other financial assets	9,194	21,562
Non-current other financial assets	211	200
	9,405	21,762

- (i) The Group holds \$9.194M (2010: \$21.362M) ANZ and Commonwealth Bank AA rated floating rate notes. These attract interest at a premium to the 90 day bank bill swap rate with interest paid and the rate reset quarterly.
- (ii) The Group holds 20% of the ordinary share capital of Taguchimarketing Pty Ltd, a company involved in email marketing and distribution activities. The directors of the Group do not consider that the Group is able to exert significant influence over Taguchimarketing Pty Ltd as the day-to-day running of the business is not under the influence of the Group.

12. Other assets

	Consolidated	
	2011 \$'000	2010 \$'000
<i>Current</i>		
Prepayments	47	120
Other	-	-
	47	120
<i>Non-current</i>		
Prepayments	-	-
Other	-	-
	-	-
	47	120

13. Property, plant and equipment

	Consolidated					Total \$'000
	Software at cost \$'000	Computer Equipment at cost \$'000	Furniture & Fittings at cost \$'000	Office Equipment at cost \$'000	Leasehold Improvements at cost \$'000	
Gross carrying amount						
Balance at 30 June 2010	335	1,054	137	135	375	2,036
Additions	178	87	7	8	16	296
Disposals	(18)	(27)	(19)	(22)	(9)	(95)
Acquisitions through business combinations Classified as held for sale						
Net revaluation increments/ (decrements)						
Net foreign currency exchange differences						
Other						
Balance at 30 June 2011	495	1,114	125	121	382	2,237
Accumulated depreciation/ amortisation and impairment						
Balance at 30 June 2010	(171)	(567)	(48)	(40)	(84)	(910)
Disposals	10	17	10	9	3	49
Net adjustments from revaluation (increments)/ decrements						
Classified as held for sale						
Impairment losses charged to profit						
Reversals of impairment losses charged to profit						
Depreciation expense	(70)	(174)	(13)	(13)	(41)	(311)
Net foreign currency exchange differences						
Other						
Balance at 30 June 2011	(231)	(724)	(51)	(44)	(122)	(1,172)
Carrying amounts						
As at 30 June 2010	164	487	89	95	291	1,126
As at 30 June 2011	264	390	74	77	260	1,065

14. Intangible assets

	Consolidated		Total \$'000
	Capitalised development \$'000	Identifiable intangibles \$'000	
Gross carrying amount			
Balance at 1 July 2009	5,794	-	5,794
Additions	994	370	1,364
Other	-	-	-
Balance at 30 June 2010	6,788	370	7,158
Additions	1,110	123	1,233
Other	-	-	-
Balance at 30 June 2011	7,898	493	8,391
Accumulated amortisation and impairment			
Balance at 1 July 2009	(584)	-	(584)
Amortisation expense	-	(27)	(27)
Balance at 30 June 2010	(584)	(27)	(611)
Amortisation expense	-	(128)	(128)
Other	-	-	-
Balance at 30 June 2011	(584)	(155)	(739)
Carrying amount			
As at 30 June 2010	6,204	343	6,547
As at 30 June 2011	7,314	338	7,652

14. Intangible assets (cont'd)

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

Capitalised development	Indefinite
Identifiable intangibles	3 years

The capitalised development intangible assets represent Webjet's Travel Service Aggregator (TSA) (internet booking platform) and licences. These intangible asset have an indefinite useful life.

The other intangible assets with a value of \$493K (USD \$460k) are a combination of (i) \$370K (USD \$316K) acquired through the interest in the subsidiary of Webjet Marketing North America LLC representing contracts of supply, customer databases, technology licences, intellectual property and goodwill generated from the combination of the two equity holders to the Webjet Marketing North America LLC formation and (ii) Website development costs incurred in current financial year \$123K (USD \$144K). These have been recorded at cost and part have been amortised on a straight-line basis over their estimated useful lives \$212K. Whereas part carry an indefinite useful life (\$126K) which represent the intellectual property acquired in the combination.

15. Trade and other payables

	Consolidated	
	2011 \$'000	2010 \$'000
Trade payables	8,411	5,088
Other	2,634	2,601
	11,045	7,689

The average credit period on trade payables is 7 to 30 days and are often due for payment within 6 months. No interest is payable on trade payables.

16. Other financial liabilities

	Consolidated	
	2011 \$'000	2010 \$'000
Foreign currency forward contracts	11	-
	11	-

17. Provisions

	Consolidated	
	2011 \$'000	2010 \$'000
<i>Current</i>		
Employee benefits (i)	415	613
Other	-	-
	415	613
<i>Non-current</i>		
Employee benefits	10	65
Other	-	-
	10	65
	425	678

- (i) The current provision for employee benefits for the Group includes \$122,912 of vested long service leave entitlements accrued but not expected to be taken within 12 months.

18. Other liabilities

	Consolidated	
	2011 \$'000	2010 \$'000
<i>Current</i>		
Deferred revenue (i)	55	-
	55	-
<i>Non-current</i>		
Other	-	-
	-	-
	-	-

- (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.

19. Contributed equity

	Consolidated	
	2011 \$'000	2010 \$'000
75,815,091 fully paid ordinary shares (2010: 76,861,278)	23,214	25,674
	23,214	25,674

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

	2011		2010	
	No. '000	\$'000	No. '000	\$'000
Fully paid ordinary shares				
Balance at beginning of financial year	76,862	25,674	75,067	23,569
Issue of shares under employee share plan	1,100	1,483	1,795	1,987
Transfer from equity-settled employee benefits reserve	-	385	-	118
Share buy-back	(2,147)	(4,328)	-	-
Share buy-back costs	-	-	-	-
Balance at end of financial year	75,815	23,214	76,862	25,674

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

Share options granted under the employee share option plan carry no rights to dividends and no voting rights. Further details of the employee share option plan are contained in note 31 to the financial statements.

20. Reserves

	Consolidated	
	2011 \$'000	2010 \$'000
Equity-settled employee benefits	740	1,125
Foreign currency translation	(83)	58
	657	1,183

20. Reserves (con'td)

	Consolidated	
	2011 \$'000	2010 \$'000
Equity-settled employee benefits reserve		
Balance at beginning of financial year	1,125	1,243
Options expensed	-	-
Options exercised and transferred out	(385)	(118)
Balance at end of financial year	740	1,125

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	
	2011 \$'000	2010 \$'000
Foreign currency translation reserve		
Balance at beginning of financial year	58	-
Exchange differences arising on translating the net assets of foreign operations	(141)	58
Balance at end of financial year	(83)	58

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group'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.

21. Retained earnings

	Consolidated	
	2011 \$'000	2010 \$'000
Balance at beginning of financial year	13,155	9,058
Profit attributable to members of the parent entity	11,115	10,567
Dividends paid	(8,116)	(6,470)
Balance at end of financial year	16,154	13,155

22. Earnings per share

	Consolidated	
	2011 Cents per share	2010 Cents per share
Basic earnings per share		
From continuing operations	14.41	13.93
From discontinued operations	-	-
Total basic earnings per share	14.41	13.93
Diluted earnings per share		
From continuing operations	14.33	13.76
From discontinued operations	-	-
Total diluted earnings per share	14.33	13.76

Basic earnings per share

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

	2011 \$'000	2010 \$'000
Profit for the year attributable to owners of the Company	11,115	10,567
Other	-	-
Earnings used in the calculation of basic EPS	11,115	10,567
Adjustments to exclude profit for the period from discontinued operations	-	-
Earnings used in the calculation of basic EPS from continuing operations	11,115	10,567

	2011 No.'000	2010 No.'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	77,139	75,877

Diluted earnings per share

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

	2011 \$'000	2010 \$'000
Profit for the year attributable to owners of the Company	11,115	10,567
Other	-	-
Earnings used in the calculation of diluted EPS	11,115	10,567
Adjustments to exclude profit for the period from discontinued operations	-	-
Earnings used in the calculation of diluted EPS from continuing operations	11,115	10,567

	2011 No.'000	2010 No.'000
Weighted average number of ordinary shares used in the calculation of basic EPS	77,139	75,877
Shares deemed to be issued for no consideration in respect of:		
Employee options	445	905
Other	-	-
Weighted average number of ordinary shares used in the calculation of diluted EPS	77,584	76,782

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

23. Dividends

	2011		2010	
	Cents per share	Total \$'000	Cents per share	Total \$'000
Consolidated				
Recognised amounts				
<i>Fully paid ordinary shares</i>				
Interim dividend for 2011:				
Fully Franked	5.0	3,853	5.0	3,843
Final dividend for 2010:				
Fully Franked	5.5	4,263	3.5	2,627
	10.5	8,116	8.5	6,470

The directors have declared a fully franked final dividend of 6.0 cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2011, to be paid to shareholders on 7 October 2011. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is \$4.549M.

	Consolidated	
	2011 \$'000	2010 \$'000
Adjusted franking account balance	3,836	2,569
Impact on franking account balance of dividends not recognised	(1,950)	(1,812)
	1,886	757

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.

24. Contingent liabilities and contingent assets

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

25. Leases

Operating leases

Leasing arrangements

Rental expenses on operating leases

Non-cancellable operating lease commitments

	Consolidated	
	2011 \$'000	2010 \$'000
Not longer than 1 year	420	372
Longer than 1 year and not longer than 5 years	738	1,157
Longer than 5 years	-	-
	1,158	1,529

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

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

26. Subsidiaries

Name of subsidiary	Country of incorporation	Proportion of owners interest and voting power held by the Group	
		2011 %	2010 %
Webjet Marketing Pty Ltd	Australia	100	100
Webjet Operations (Australia) Pty Ltd	Australia	100	100
PlanitonEarth Pty Ltd	Australia	100	100
Webjet USA Holdings Inc	United States of America	100	100
Webjet Marketing North America LLC	United States of America	50	50
Webjet Marketing NZ Pty Limited	New Zealand	100	-

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

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

27. Investments in associates

Name of associate	Country of incorporation	Proportion of owners interest and voting power held by the Group	
		2011 %	2010 %
Westweb Holdings Limited (i)	British Virgin Islands	50	-
Webjet Singapore Limited (ii)	Singapore	50	-
Webjet Hong Kong Limited (iii)	Hong Kong	50	-
Webjet Europe Ltd (iv)	Malta	50	-

- (i) Webjet Ltd holds a 50% interest in Westweb Holdings Limited with Hong Kong based Westminster Travel holding the remaining 50% interest. The directors of Webjet Ltd do not have the ability to control the operations of Westweb Holdings Limited. The financial year end date of Westweb Holdings Limited is 30 June 2011. This was the reporting date established when that company was incorporated. For the purpose of applying the equity method of accounting, the financial statements of Westweb Holdings Limited for the year ended 30 June 2011 have been used.
- (ii) Webjet Singapore Limited is a wholly owned subsidiary of Westweb Holdings Limited. The financial year end date of Webjet Singapore Limited is 30 June 2011. This was the reporting date established when that company was incorporated. For the purpose of applying the equity method of accounting, the financial statements of Webjet Singapore Limited for the year ended 30 June 2011 have been used.
- (iii) Webjet Hong Kong Limited is a wholly owned subsidiary of Westweb Holdings Limited. The financial year end date of Webjet Hong Kong Limited is 30 June 2011. This was the reporting date established when that company was incorporated. For the purpose of applying the equity method of accounting, the financial statements of Webjet Hong Kong Limited for the year ended 30 June 2011 have been used.

27. Investments in associates (cont'd)

- (iv) Webjet Operations (Australia) Pty Ltd, a wholly owned subsidiary of Webjet Ltd, holds a 50% interest in Webjet Europe Ltd with World Aviation Services Limited holding the remaining 50% interest. Webjet Ltd and the directors of Webjet Ltd do not have the ability to control the operations of Webjet Europe Ltd. The financial year end date of Webjet Europe Ltd is 30 June 2011. This was the reporting date established when that company was incorporated. For the purpose of applying the equity method of accounting, the financial statements of Webjet Europe Ltd for the year ended 30 June 2011 have been used.

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

	2011 \$'000	2010 \$'000
Total assets	671	-
Total liabilities	611	-
Net assets	60	-
Group's share of net assets of associates	30	-

	Year ended 30 June 2011 \$'000	Year ended 30 June 2010 \$'000
Total revenue	43	-
Total profit/(loss) for the year	(546)	-
Group's share of profits/(losses) of associates	(273)	-

28. Non-controlling interests

	Consolidated	
	2011 \$'000	2010 \$'000
Balance at beginning of year	300	-
Additions from creation of overseas entities	-	350
Share of profit/(loss) for the year	(110)	(50)
Balance at end of year	190	300

29. Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand in banks at call as well as including term deposits with a maturity of less than 6 months, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated	
	2011 \$'000	2010 \$'000
Cash and cash equivalents	31,626	17,317
	31,626	17,317

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

	Consolidated	
	2011 \$'000	2010 \$'000
Profit for the year	11,006	10,517
Cash flow excluded from profit from ordinary activities attributable to operating activities		
Non-cash flows in profit from ordinary activities		
(Profit)/Loss on sale of investments	(30)	-
(Profit)/Loss on sale of property, plant & equipment	46	-
Amortisation of intangible assets	128	27
Depreciation of plant and equipment	311	301
Dividend	(20)	-
Share of losses from associates	273	-
Provision for doubtful debts	(54)	-
Foreign exchange translation	(140)	57
Changes in assets and liabilities		
Decrease/(increase) in trade, term and intercompany receivables	(165)	(797)
Decrease/(increase) in prepayments	72	22
Decrease/(increase) in deferred tax	305	482
Increase/(decrease) in trade payables and accruals	3,356	3,727
Increase/decrease) in provisions	(254)	55
Increase/(decrease) in tax liability	(186)	(335)
Increase/(decrease) in other liabilities	66	-
Net cash from operating activities	14,714	14,056

30. Financial instruments

(a) Capital risk management

The Group has a capital risk and investment policy to provide guidance for its capital requirements. The policy is reviewed annually to take into consideration the Group's changing risk and short and long term funding needs. At present the Group has no financial debt other than that disclosed in the balance sheet representing liabilities incurred in the normal course of operations. The Group's debt and capital includes ordinary share capital, and financial liabilities, supported by financial assets. The Group 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	
	2011 \$'000	2010 \$'000
Financial assets		
Fair value through profit or loss (FVTPL):		
Held for trading	-	-
Designated as at FVTPL	-	-
Derivative instruments in designated hedge accounting relationships	-	-
Held-to-maturity investments	-	-
Loans and receivables	2,337	2,100
Cash and cash equivalents	31,626	17,317
Available-for-sale financial assets (1)	9,436	21,762
Financial liabilities		
Fair value through profit or loss (FVTPL):		
Held for trading	-	-
Designated as at FVTPL	-	-
Foreign currency forward contracts	11	-
Amortised cost	11,045	7,689
Financial guarantee contracts	-	2,600

(1) Floating rate notes, shares in Taguchimarketing Pty Ltd and shares in Qantas Ltd, investments in associates.

(c) Financial risk management objectives

The Group's financial instruments consist of deposits with banks and floating rate notes along with trade receivables incurred in the normal course of operations. The Group has entered into a US dollar forward contract to assist in minimising the foreign exchange fluctuations.

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

(d) Market risk

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

Foreign Exchange

The Group has US dollar (USD) currency foreign exchange exposure with a forward contract receivable for \$466K and cash in the bank of \$215K.

The Group has New Zealand dollar (NZD) currency foreign exchange exposure with cash in the bank of \$659K, term deposits of \$386K and receivables of \$160K.

The Group has Hong Kong dollar (HKD) currency foreign exposure with an investment in WestWeb Holding Limited being carried at a value of \$30K.

The Group has British pound (GBP) currency foreign exposure with cash in the bank of \$150K.

30. Financial instruments (cont'd)

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

	Liabilities		Assets	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
USD	117	-	1,204	1,501
NZD	532	187	1,205	305
HKD	-	-	30	-
GBP	-	-	150	-

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

	USD impact		NZD impact		HKD impact		GBP impact	
	2011 (\$'000)	2010 (\$'000)	2011 (\$'000)	2010 (\$'000)	2011 (\$'000)	2010 (\$'000)	2011 (\$'000)	2010 (\$'000)
Profit or loss	120	114	75	13	3	-	17	-
Other equity	-	-	-	-	-	-	-	-

Interest Rates

The group does not hedge its exposure to interest rate movements and does not invest in fixed interest financial instruments. At 30 June 2011 it had \$40.8M (2010: \$37.1M) in cash, floating rate notes and deposits. The average interest rate on all deposits for 2011 was 5.40% (2010: 5.50%).

Interest received for the group for 2011 was \$2,12M. A table showing the sensitivity of this number to interest rate movements is detailed below.

Average Interest Rates	Income (\$'000)	Variance to actual (\$'000)
5.40% (Actual)	2,121	-
5.90% (+0.5%)	2,317	196
6.40% (+1.0%)	2,514	392
4.90% (-0.5%)	1,925	(196)
4.40% (-1.0%)	1,729	(392)

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

The group has invested in floating rate notes in 2011 \$9.19M (2010: \$21.56M), the notes are AA rated issued by the ANZ and Commonwealth Bank. The interest rate is fixed to the bank bill swap rate and is reset every 90 days accordingly. This amount is included in the \$2.12M noted above in the interest rate sensitivity analysis.

30. Financial instruments (con't)

(e) Credit risk management

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

The majority of the trade receivables are with debtors that operate in the travel industry. Specifically, the consolidated entity has a concentration of credit risk with companies in the airline industry, which at 30 June 2011 totalled \$1.4M (2010: \$1.2M).

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.

(f) Liquidity risk management

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

The Group's non-interest bearing liabilities as at 30 June 2011 of \$11.1M (2010: \$7.7M) are expected to be settled within one month after the reporting period.

(g) Fair value of financial instruments

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

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

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

	30 June 2011			
	Level 1 \$'000	Level 2 \$'000	Level 3 '\$000	Total \$'000
Floating rate notes	9,194	-	-	9,194
Unlisted equities	-	200	-	200
Listed equities	11	-	-	11
	9,205	200	-	9,405
Financial liabilities designated at fair value through profit or loss	-	11	-	11
	-	11	-	11

	30 June 2010			
	Level 1 \$'000	Level 2 \$'000	Level 3 '\$000	Total \$'000
Floating rate notes	21,562	-	-	21,562
Unquoted equities	-	200	-	200
	21,562	200	-	21,762

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

31. Share-based payments

Employee share option plan

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

Options series	Number	Grant date	Expiry date	Exercise price \$	Fair value at grant date \$
D Clarke	180,000	10/11/2004	30/03/2012	1.3365	0.0568
J Lemish	375,000	10/11/2004	30/03/2012	1.3365	0.0568
R Noon – tranche 3	1,250,000	07/03/2006	31/08/2014	1.3480	0.3500

All these options have now vested

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

	2011		2010	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of the financial year	1,805,000	1.3445	3,600,000	1.1608
Granted during the financial year	-	-	-	-
Forfeited during the financial year	-	-	-	-
Exercised during the financial year (i)	1,100,000	1.3480	1,795,000	1.1064
Expired during the financial year	-	-	-	-
Balance at end of the financial year (ii)	705,000	1.3389	1,805,000	1.3445
Exercisable at end of the financial year	705,000	1.3389	1,805,000	1.3445

There were no options issued during the year ending 30 June 2011. Options granted to Richard Noon in the 2006 financial year were independently valued by Benson Partners in a report dated 21 July 2006. These options are subject to the following terms and conditions:

Inputs into the model	Option series		
	Tranche 1	Tranche 2	Tranche 3
Grant date	07/03/2006	07/03/2006	07/03/2006
Vesting date	01/09/2007	01/09/2008	01/09/2009
Expiry date	31/08/2012	31/08/2013	31/08/2014
Grant date share price	\$0.35	\$0.35	\$0.35
-post consolidation	\$1.40	\$1.40	\$1.40
Exercise price	\$0.3071	\$0.3279	\$1.3480
-post consolidation	\$1.2284	\$1.3115	\$1.3480

(i) Exercised during the financial year

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

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

31. Share-based payments (con't)

2010 Options series	Number exercised	Exercise date	Share price at exercise date	Option price at exercise date \$
Tranche 2 (b) Richard Noon	100,000	08/10/2009	\$1.555	\$1.3115
David Clarke	320,000	29/10/2009	\$1.87	\$1.3365
David Clarke	250,000	29/10/2009	\$1.87	\$0.6997
Tranche 2 (b) Richard Noon	140,000	27/01/2010	\$2.25	\$1.3115
David Clarke	100,000	03/02/2010	\$2.39	\$1.3365
Tranche 2 (b) Richard Noon	110,000	26/02/2010	\$2.34	\$1.3115
David Clarke	100,000	11/03/2010	\$2.47	\$1.3365
Tranche 2 (b) Richard Noon	170,000	15/03/2010	\$2.50	\$1.3115
David Clarke	50,000	15/03/2010	\$2.50	\$1.3365
John Lemish	375,000	23/03/2010	\$2.61	\$0.6997
Tranche 2 (b) Richard Noon	80,000	29/03/2010	\$2.52	\$1.3115

This does not include options exercised by non executive directors.

(ii) Balance at end of the financial year

The share options outstanding at the end of the financial year had an weighted average exercise price of \$1.34 (2010: \$1.34), and a weighted average remaining contractual life of 1.3 years (2010: 3.4 years).

Amount Included Under Employee Benefits Expense in Statement of Comprehensive Income

There were nil amounts (2010: nil) included under employee benefits expense in the statement of comprehensive income that relates, in full, to amortisation of equity-settled share-based transactions.

32. Key management personnel compensation

Details of key management personnel

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

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

Key management personnel compensation

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

	Consolidated	
	2011 \$	2010 \$
Short-term employee benefits	2,354,554	1,866,277
Post-employment benefits	222,647	246,823
Other long-term benefits	317,305	-
Termination benefits	-	-
Share-based payment	-	-
	2,894,506	2,113,100

There were no share options or tax deferred shares granted during the year ended 30 June 2011 (2010: nil tax deferred shares)

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

33. Related party transactions

(a) Transactions with key management personnel

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

(b) Key management and directors equity holdings

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

Fully paid ordinary shares of Webjet Limited

	Balance at 30 June 2010 No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 30 June 2011 No.
2011					
David Clarke	15,443	-	-	-	15,443
John Guscic	54,450	-	-	105,000	159,450
Don Clarke	10,000	-	-	-	10,000
Allan Nahum	100,000	-	-	-	100,000
Chris Newman	900,000	-	-	-	900,000
Steven Scheuer	6,349,785	-	-	-	6,349,785
Richard Noon	2,025,000	-	1,100,000	(890,000)	2,235,000
Shelley Beasley	0	-	-	-	0
Mathias Friess	0	-	-	-	0
Tim Wagg	10,000	-	-	-	10,000

	Balance at 30 June 2009 No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 30 June 2010 No.
2010					
Allan Nahum	722,925	-	-	(622,295)	100,000
Steven Scheuer	6,349,785	-	-	-	6,349,785
Chris Newman	1,177,387	-	-	(277,387)	900,000
John Guscic	54,450	-	-	-	54,450
Don Clarke	10,000	-	-	-	10,000
David Clarke	15,443	-	820,000	(820,000)	15,443
Richard Noon	1,691,329	-	600,000	(266,329)	2,025,000
John Lemish	2,172,087	-	375,000	30,000	2,577,087
Alex Orlov	42,500	-	-	-	42,500
David Galt	-	-	-	-	-
John Viegas	-	-	-	-	-
Tim Wagg	-	-	-	10,000	10,000

33. Related party transactions (con't)

Share options of Webjet Limited

	Balance at 30 June 2010 No.	Granted as compensation No.	Exercised No.	Net other change No.	Bal at 30 June 2011 No.	Bal vested at 30 June 2011 No.	Vested but not exercisable No.	Vested and exercisable No.	Options vested during year No.
2011									
D Clarke	180,000	-	-	-	180,000	180,000	-	180,000	-
R Noon	1,250,000	-	(1,100,000)	-	150,000	150,000	-	150,000	-
	Balance at 30 June 2009 No.	Granted as compensation No.	Exercised No.	Net other change No.	Bal at 30 June 2010 No.	Bal vested at 30 June 2010 No.	Vested but not exercisable No.	Vested and exercisable No.	Options vested during year No.
2010									
D Clarke	250,000	-	-	-	-	250,000	-	250,000	-
J Lemish	375,000	-	-	-	-	375,000	-	375,000	-
D Clarke	750,000	-	-	-	-	750,000	-	750,000	-
J Lemish	375,000	-	-	-	-	375,000	-	375,000	-
R Noon – tranche 2	600,000	-	-	-	-	600,000	-	600,000	1,000,000
R Noon – tranche 3	1,250,000	-	-	-	-	-	-	-	-

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

During the financial year 1,100,000 options (2010: 1,795,000) were exercised by key management personnel at an exercise price of \$1.348 per option for ordinary 1,100,000 shares in Webjet Limited (2010: 1,795,000) No amounts remain unpaid on the options exercised during the financial year at year end.

(c) Transactions with other related parties

Transactions between Webjet Ltd and its related parties

Minter Ellison Lawyers of which Don Clarke is a principal was paid a total \$279,786 (2010: \$144,960) during the year. All transactions were conducted on a commercial arms length basis and charged accordingly. No amounts were owed as at 30 June 2011 (2010: \$7,223) to Minter Ellison Lawyers.

(d) Wholly-owned group transactions

Loans

As at 30 June 2011 Webjet Ltd owes Webjet Marketing Pty Ltd \$16,123,026 (2010: \$9,020,062), Webjet Marketing Pty Ltd owes Webjet Marketing NZ Pty Limited \$22,363 (2010: nil), and Webjet Operations (Australia) Pty Ltd owes Webjet Ltd \$100,000 (2010: nil). An additional amount of \$1,898,879 (2010: \$1,180,941) is also payable from Webjet Marketing Pty Ltd and \$289 (2010: nil) from Webjet Operations (Australia) Pty Ltd to Webjet Ltd as part of the tax sharing arrangement during the year.

33. Related party transactions (con't)

Royalty Payments

As at year end, both Webjet Limited and Webjet Marketing Pty Ltd have recognised a royalty payment expense from Webjet Marketing Pty Ltd to Webjet Limited for \$8,075,466 (2010: \$7,497,693). The royalty payment has been charged based upon a licence agreement between the entities.

(e) Normal course of business

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, and which in management's opinion is comparable to amounts that would have been paid to non-related parties.

34. Remuneration of auditors

	Consolidated	
	2011 \$	2010 \$
Auditor of the parent entity		
Audit or review of the financial report	58,850	55,550
	58,850	55,550
Related practice of the parent entity auditor		
Preparation of the tax return	20,455	33,303
Other non-audit services (R&D)	12,100	11,865
Other non-audit services	-	-
	32,555	45,168
Other auditors		
Audit or review of the financial report	-	-
	-	-

The auditor of Webjet Limited is BDO.

35. Subsequent events

A final dividend of 6 cents per share, fully franked to 100% has been declared by the directors for payment 6 October 2011. There were no other subsequent events.

36. Parent entity disclosures

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 2 for a summary of the significant accounting policies relating to the Group.

	Parent	
	30 June 2011 \$'000	30 June 2010 \$'000
Financial position		
Assets		
Current assets	24,389	23,545
Non-current assets	16,306	14,290
Total assets	40,695	37,855
Liabilities		
Current liabilities	15,289	8,332
Non-current liabilities	2,026	1,578
Total liabilities	17,315	9,910
Equity		
Issued capital	23,214	25,674
Retained earnings	(440)	1,068
Reserves		
Equity settled employee benefits	740	1,125
Foreign currency revaluation	(134)	58
Total equity	23,380	27,925

	Parent	
	Year ended 30 June 2011 \$'000	Year ended 30 June 2010 \$'000
Financial performance		
Profit for the year	6,534	6,169
Other comprehensive income	(192)	58
Total comprehensive income	6,342	6,226



Tel: +61 8 7324 6000
Fax: +61 8 7324 6111
www.bdo.com.au

BDO Centre
Level 7, 420 King William Street
Adelaide SA 5000
GPO Box 2018, Adelaide SA 5001
Australia

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEBJET LIMITED

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Webjet Limited, which comprises the consolidated statement of financial position as at 30 June 2011, 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 is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

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



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

Independence

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

Opinion

In our opinion:

- (a) the financial report of Webjet Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 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 2.

REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in pages 5 to 10 of the directors' report for the year ended 30 June 2011. 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 2011 complies with section 300A of the *Corporations Act 2001*.

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

BDO (SA)

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

Gregory R Wiese
Partner

10 August 2011

Additional stock exchange information as at 30 June 2011

Number of holders of equity securities

Ordinary share capital

75,815,091 fully paid ordinary shares are held by 4,319 individual shareholders.

All issued ordinary shares carry one vote per share.

Options

705,000 options are held by 3 individual option holders.

Options do not carry a right to vote.

Distribution of holders of equity securities

	Fully paid ordinary shares	Options
1 – 1,000	625,295	-
1,001 – 5,000	5,602,284	
5,001 – 10,000	5,271,306	
10,001 – 100,000	14,648,640	180,000
100,001 and over	49,667,566	525,000
	75,815,091	705,000
Holding less than a marketable parcel	-	-

Substantial shareholders

	Fully paid ordinary shares
Ordinary shareholders	Number
Thorney Holdings Pty Ltd and associates	12,117,444
Perpetual Limited and subsidiaries	6,706,698
Allard Partners Limited	4,212,988
	23,037,130

Twenty largest holders of quoted equity securities

Ordinary shareholders	Fully paid ordinary shares		Partly paid ordinary shares	
	Number	Percentage	Number	Percentage
J P Morgan Nominees Australia Limited <Cash Income A/C>	12,843,710	16.91%	-	-
RBC Dexia Investor Services Australia Nominees Pty Limited <Pipooled A/C>	6,210,888	8.18%	-	-
HSBC Custody Nominees (Australia) Limited	4,525,901	5.96%	-	-
Mr Steven Scheuer <No 1 Account>	4,089,860	5.38%	-	-
Mr Steven Scheuer <No 2 Account>	2,134,925	2.81%	-	-
UBS Nominees Pty Ltd	2,133,500	2.81%	-	-
Mr John Lemish	2,022,087	2.66%	-	-
Ms King-Eng Tan	1,372,181	1.81%	-	-
Equity Trustees Limited <SGH PI Smaller Co's Fund>	1,260,913	1.66%	-	-
National Nominees Limited	1,178,575	1.55%	-	-
Crimson Skies Pty Ltd <Crimson Skies S/F A/C>	1,132,000	1.49%	-	-
Sandhurst Trustees Ltd <Endeavor Asset Mgmt Mda>	1,119,273	1.47%	-	-
Brincliff Pty Ltd <Brincliff Super Fund A/C>	900,000	1.18%	-	-
Mr Chris Carr + Mrs Betsy Carr	875,000	1.15%	-	-
Mr Ian Stanley Bootes + Mrs Kylie Bootes	748,750	0.99%	-	-
Mr Richard Allan Noon	720,000	0.95%	-	-
Mr John Lemish + Mrs Suzanne Lemish <John Lemish Super Fund A/C>	525,000	0.69%	-	-
J P Morgan Nominees Australia Limited	475,023	0.63%	-	-
Queensland Investment Corporation	415,886	0.55%	-	-
Mr Dean Maidment	400,000	0.53%	-	-
	45,083,472	59.35%	-	-