

Appendix 4D

Half yearly report

31 December 2004

Name of entity:

ABN Reference:

WEBJET LIMITED	68 002 013 612
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1. Results for announcement to the market

	Current period	Previous corresponding period		% Change	Amount of change
	2004	2003			
	\$A	\$A			\$A

Key Information

Revenues from ordinary activities	1,983,509	639,139	up	210.3%	up	1,344,370
Profit (loss) from ordinary activities after tax attributable to members	254,484	(458,533)		-	up	713,017
Net profit (loss) for the period attributable to members	254,484	(458,533)		-	up	713,017

It is not proposed to pay a dividend for the year.

2. NTA backing

	Current period	Previous corresponding period
Net tangible asset (liability) backing per ordinary security	\$ 0.0039	\$ 0.0045

This report should be read in conjunction with the annual financial report for the year ended 30 June 2004.

.....
(Chairman)

Date: 22 February 2005

Allan Nahum

Webjet Limited

ABN 68 002 013 612

Half-Year Financial Report

for the half-year ended 31 December 2004

Corporate Information

ABN 68 002 013 612

Directors

Allan Nahum (Non Executive Chairman)
Bernard Lochtenberg (Non Executive Deputy Chairman)
David Clarke (Executive Managing Director)
John Lemish (Executive Operations Director)
Steven Scheuer (Non Executive Director)
Timothy Dodds (Non Executive Director - Appointed 29 July 2004)
Norm Fricker (Non Executive Director - Appointed 29 July 2004)

Company Secretary

Richard Noon

Registered Office

Level 5
492 St Kilda road
Melbourne, Vic 3004

Solicitors

Minter Ellison

Bankers

ANZ Bank
420 St Kilda Road
Melbourne Vic 3004

Share Register

Computershare
Level 5, 115 Grenfell Street
Adelaide SA 5000

Auditors

BDO

Internet Address

www.webjet.com.au

Contents

Directors' Report	3
Condensed Statement of Financial Performance	4
Condensed Statement of Financial Position	6
Condensed Statement of Cash Flows	7
Notes to the Half-Year Financial Statements	8
Directors' Declaration	10
Independent Audit Report	11

Directors' Report

Your directors submit their report for the half-year ended 31 December 2004.

DIRECTORS

The names and details of the company's directors in office during the half-year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Allan Nahum, FCA, FICD, AIMM, AAISA, AIAA (Non Executive Chairman)
Bernard Lochtenberg, BE (Hons) D Phil FTSE (Non Executive Deputy Chairman)
David Clarke (Executive Managing Director)
John Lemish, B.Ec (Executive Operations Director)
Steven Scheuer, B.Bus (Acc) (Non Executive Director)
Timothy Dodds, B.Comm. CA (Non Executive Director - Appointed 29 July 2004)
Norm Fricker (Non Executive Director - Appointed 29 July 2004)

REVIEW OF OPERATION

The half year ended 31 December 2004 has provided a consolidated profit of \$254,484 compared with a loss in 2003 of \$458,533.

Prior to depreciation and amortisation expenses, profit for the half year to 31 December 2004 was \$430,638 which compares with the half year ended 31 December 2003 on the same basis of a loss of \$435,736. This turnaround in the underlying profit flow of the business is in excess of \$850,000 for the half year.

As reported progressively to the market on 14 January, 31 January and 2 February, gross transaction values for the half year to 31 December 2004 have grown to \$29.6m which compares with \$9.6m for the half year ended 31 December 2003.

This enormous increase in transaction volumes is a result of our customer acceptance of the Travel Service Aggregator, an aggressive and carefully targeted marketing campaign, provision of a high level of customer service and innovative product offerings.

As foreshadowed in our annual report for 2004, Webjet is focused on the strategic challenges of maintaining appropriate gross profit margins, increasing the unit value of sale to our existing customer base, the development of a loyal customer base and the exploration of commercial alliances. Substantial progress has already been made on each of these and the results are reflected in the financial statements.

The consequence of this business development and the production of trading profit and share issues has seen a positive net operating cash flow for the half year, resulting in a cash in hand figure as at 31 December 2004 of \$1.286m.

We continue to carefully monitor the dynamics of the Australian travel market where there is currently intense competition at both a supply, sale and distribution level. At the current time we consider the Australian domestic market to be satisfactory, with attention being directed towards further increasing our market share. Whilst it is neither possible nor prudent to make forecasts at this time, we are encouraged by the very strong start to calendar year 2005 including a record level of gross transaction values in January.

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest \$1 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

Directors' Report continued

AUDITOR'S INDEPENDENCE DECLARATION

The following is an extract from the Auditor's Independence Declaration letter received on 14 February 2005:

DECLARATION OF INDEPENDENCE BY BDO TO THE DIRECTORS OF WEBJET LIMITED

To the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of this Act in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

BDO

Chartered Accountants

Robert D D Collie

Partner

Melbourne

Date: 22 February 2005

Signed in accordance with a resolution of the directors.

Allan Nahum

Director

Melbourne, 22 February 2005

Condensed Statement of Financial Performance

HALF-YEAR ENDED 31 DECEMBER 2004	Notes	Economic Entity	
		2004	2003
		\$	\$
REVENUE FROM ORDINARY ACTIVITIES	2	1,983,509	639,139
Depreciation and amortisation expenses	2	(176,154)	(22,797)
Salaries and employee benefits expense		(616,108)	(449,549)
Marketing expense		(294,721)	(71,651)
Website hosting expenses		(129,459)	(210,527)
Professional fees		(53,444)	(50,727)
Web and software development expenses		(18,140)	(23,369)
Directors' fees		(47,500)	(21,952)
Listing and registry fees		(36,917)	(30,060)
Insurance		(29,726)	(25,327)
Stationery		(11,872)	(7,888)
Rent	2	(95,929)	(78,175)
Telephones		(65,005)	(34,306)
Other expenses from ordinary activities		(154,050)	(71,344)
PROFIT (LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE	2	254,484	(458,533)
INCOME TAX EXPENSE RELATING TO ORDINARY ACTIVITIES		-	-
PROFIT (LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE		254,484	(458,533)
NET PROFIT (LOSS)		254,484	(458,533)
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS ATTRIBUTABLE TO MEMBERS OF WEBJET LIMITED		254,484	(458,533)
Basic earnings (loss) per share (cents per share)		0.13	(0.40)
Diluted earnings (loss) per share (cents per share)		0.10	(0.38)

The Condensed Statement of Financial Performance is to be read in conjunction with the Notes to the Financial Statements.

Condensed Statement of Financial Position

HALF-YEAR ENDED 31 DECEMBER 2004

	Notes	Economic Entity		
		AS AT 31 DECEMBER 2004	AS AT 30 JUNE 2004	AS AT 31 DECEMBER 2003
		\$	\$	\$
CURRENT ASSETS				
Cash assets		1,285,871	794,512	848,241
Receivables		640,827	243,373	157,956
Other		43,422	36,185	48,885
TOTAL CURRENT ASSETS		1,970,120	1,074,070	1,055,082
NON-CURRENT ASSETS				
Property, plant and equipment		62,065	70,761	82,372
Intangible assets		1,785,446	1,857,450	799,725
TOTAL NON-CURRENT ASSETS		1,847,511	1,928,211	882,097
TOTAL ASSETS		3,817,631	3,002,281	1,937,179
CURRENT LIABILITIES				
Payables		746,995	1,359,389	330,407
Provisions		88,830	68,321	76,193
TOTAL CURRENT LIABILITIES		835,825	1,427,710	406,600
NON-CURRENT LIABILITIES				
Payables		400,000	400,000	-
TOTAL NON-CURRENT LIABILITIES		400,000	400,000	-
TOTAL LIABILITIES		1,235,825	1,827,710	406,600
NET ASSETS		2,581,806	1,174,571	1,530,579
EQUITY				
Contributed equity	6	11,865,905	10,769,154	10,442,020
Reserves		56,000	-	-
Retained profits		(9,340,099)	(9,594,583)	(8,911,441)
TOTAL EQUITY		2,581,806	1,174,571	1,530,579

The Condensed Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements.

Condensed Statement of Cash Flows

HALF-YEAR ENDED 31 DECEMBER 2004	Notes	Economic Entity	
		2004	2003
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,514,122	645,920
Payments to suppliers and employees		(1,451,721)	(1,215,693)
Interest received		21,555	26,514
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		<u>83,956</u>	<u>(543,259)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,711)	(1,388)
Payment for intangible assets		(727,629)	(450,060)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		<u>(729,340)</u>	<u>(451,448)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares		1,110,280	-
Payment of share issue costs		(29,537)	-
Proceeds from premium on issue of options		56,000	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		<u>1,136,743</u>	<u>-</u>
NET INCREASE/(DECREASE) IN CASH HELD		491,359	(994,707)
Add opening cash brought forward		794,512	1,842,948
CLOSING CASH CARRIED FORWARD		<u><u>1,285,871</u></u>	<u><u>848,241</u></u>

The Condensed Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements.

Notes to the Half-Year Financial Statements

31 DECEMBER 2004

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the economic entity as the full financial report.

The half-year report should be read in conjunction with the Annual Financial Report of Webjet Limited as at 30 June 2004. It is also recommended that the half-year report be considered together with any public announcements made by Webjet Limited and its controlled entities during the half-year ended 31 December 2004 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

The half-year financial report has been prepared in accordance with the historical cost convention, except where stated, current valuations of non current assets. Cost is based on the fair values of the consideration given in exchange for assets.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Changes in accounting policies

The accounting policies applied are consistent with the most recent annual financial report for the year ended 30 June 2004.

(c) Adoption of Australian Equivalents to International Financial Reporting Standards

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing on or after 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of this financial year.

The economic entity's management, along with its auditors, are assessing the significance of these changes and preparing for their implementation. The consolidated entity is and will be seeking external assistance to account for and disclose the changes in the financial report that will result from their introduction. The consolidated entity has already sought external advice in relation to some of these matters

The directors are of the opinion that the key differences in the economic entity's accounting policies which will arise from the adoption of IFRS are:

– Research and Development Expenditure:

Standard AASB 138: Intangible Assets requires that costs associated with research costs be expensed in the period in which they are incurred. In terms of the current policy, research costs are capitalised to the statement of financial position where it is expected beyond any reasonable doubt that sufficient future benefits will be derived so as to recover these deferred costs.

– Impairment of Assets:

The group determines the recoverable amount of an asset, with the exception of Intangibles, on the basis of undiscounted net cash flows that will be received from the assets use and subsequent disposal. In terms of AASB 136: Impairment of Assets, the recoverable amount of an asset will be determined as the higher of the fair value less costs to sell and value in use. It is likely that this change in accounting policy will lead to impairments being recognised more often than under the existing policy.

– Income Tax:

Currently, the group adopts the liability method of tax effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Net timing differences are currently not recognised due to there being no virtual certainty of these amounts being realised. Under AASB 112, the group will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing differences and permanent differences between taxable income and accounting profit.

– Options Issued to Employees and Directors:

The group does not currently recognise an expense for options issued to employees and directors, under the employee and directors option scheme. On adoption of AASB 2, the group will recognise an expense for all share-based remuneration, including deferred shares and options, and will amortise those expenses over the relevant vesting periods. This will result in additional expenses being recorded and therefore lower earnings.

Notes continued

31 DECEMBER 2004

Notes

Economic Entity

2004

2003

\$

\$

2. PROFIT FROM ORDINARY ACTIVITIES

(a) Specific Items

Profit from ordinary activities before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:

(i) Revenues from ordinary activities

Commission revenue	1,936,954	484,954
Commission revenue - hyperlink sales	-	102,671
Marketing support	25,000	25,000
Total commission revenue	1,961,954	612,625
Interest received - other parties	21,555	26,514
	1,983,509	639,139

(ii) Expenses

Amortisation of non-current assets		
- Website development	8,030	8,107
- Research & development	358	28
- Travel services aggregator licence	157,359	-
	165,747	8,135
Depreciation of non-current assets		
- Office furniture and equipment	1,815	2,105
- Computer equipment and software	8,592	12,557
	10,407	14,662
Rental expense on operating leases		
- minimum lease payments	95,929	78,175
	95,929	78,175
Bad and doubtful debts - trade debtors	9,077	-
	9,077	-

3. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

4. CONTINGENT ASSETS AND LIABILITIES

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

5. SEGMENT INFORMATION

The economic entity operated in one business segment being internet-based travel booking services.

The economic entity operates in one geographical segment being Australia.

6. NON-CASH FINANCING ACTIVITIES AND SHARE ISSUES

In consideration for advertising services, Webjet Limited issued 400,235 ordinary shares on 26 July 2004 to a supplier. The market value of ordinary shares on the day of issue was \$0.04. As a result a non-cash increase in contributed equity and expenditure of \$16,009 was recognised.

Directors' Declaration

In accordance with a resolution of the directors of Webjet Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity:
 - (i) give a true and fair view of the financial position as at 31 December 2004 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Director

Melbourne, 22 February 2005

INDEPENDENT REVIEW REPORT TO MEMBERS OF WEBJET LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Webjet Limited (the company) and the consolidated entity, for the six months ended 31 December 2004. The consolidated entity comprises both the company and the entities it controlled during that six months.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standard AASB 1029 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review Approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia, so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. In addition to our review of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Webjet Limited is not in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Webjet Limited and the consolidated entity at 31 December 2004 and of their performance for the six months ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.

BDO

Robert D D Collie
Partner
Melbourne

Date: 22 February 2005