



webjet limited

Webjet Limited

ABN 68 002 013 612

Interim Report

Half-Year Ended 31 December 2013

**Webjet Limited
And Controlled Entities
Interim Report**

Corporate Information

Directors

David Clarke (Non-Executive Chairman)
John Guscic (Executive Managing Director)
Don Clarke (Non-Executive Deputy Chairman)
Allan Nahum (Non-Executive Director)
Steven Scheuer (Non-Executive Director)
Roger Sharp (Non-Executive Director)

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

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

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

Bankers	Internet Address
National Australia Bank Level 30, 500 Bourke Street Melbourne Vic 3000	www.webjet.com.au

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**Webjet Limited
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Directors' Report

The directors of Webjet Limited submit herewith the financial report of the company and its controlled entities for the half-year ended 31 December 2013.

Directors

The names of the directors of the company during or since the end of the half-year are:

David Clarke (Non-Executive Chairman)

John Guscic (Executive Managing Director)

Don Clarke (Non-Executive Deputy Chairman)

Allan Nahum (Non-Executive Director)

Steven Scheuer (Non-Executive Director)

Roger Sharp (Non-Executive Director)

Review of Operations

During the half-year ended 31 December 2013 the Company's total transaction values increased by \$127m from \$380m to \$507m when compared to the previous half-year, representing a 33% increase.

The acquisition and integration of Zuji, the leading online travel agency in Hong Kong and Singapore and Dubai based Lots of Hotels led to an \$18.2m increase in revenue for the half, with revenue increasing to \$50.0m, 57% growth.

With the expanded operations costs excluding depreciation and amortisation increased \$16.5m to \$39.9m.

Depreciation and amortisation for the six month period increased by \$0.75m to \$1.37m. The increase over the same period last year included \$0.57m of additional charge associated with the change to the useful life of technology related intangible assets from 25 years to 5-15 years.

On 31 December 2013 the Company sold its controlling interest in Webjet Marketing North America LLC, retaining a 15% investment. Including the proceeds from the sale, Webjet's USA operations contributed \$0.7m profit before tax to the half-year result. The sale consideration is deferred.

The start-up Lots of Hotels loss for the half-year was \$0.5m.

Profit before tax for the half-year increased by \$2.9m to \$11.3m, a 34% increase.

The half produced \$9.1m net profit after tax, a \$3.4m increase over the \$5.6m prior half-year comparative, and \$1.8m higher than the \$7.3m FY13 first half normalised earnings.

A final dividend of 7 cents per share fully franked totalling \$5.6m was paid on 17 October 2013. An interim dividend of 6.25 cents per share (2013: 6 cents) fully franked totalling \$4.76m has been declared and is payable 11 April 2014.

The Zuji migration to the Webjet platform was completed on 9 December 2013. The integration and alignment of Zuji led to a substantial reduction in creditors and provisions during the six month period to 31 December 2013. The cash flow from operations was an \$11.2m outflow. Excluding the capital raised net of transaction costs to fund the Zuji acquisition, cash and equivalents at 31 December 2013 of \$45.4m increased by \$15.3m over the comparative balance for the prior half-year period.

Directors' Report

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 14.

Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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

On behalf of the Directors



David Clarke
Chairman

Melbourne, 12 February 2014

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Consolidated income statement

For the half-year ended 31 December 2013

	Consolidated	
	Half-year ended	
	31 Dec 2013	31 Dec 2012
	\$ (000's)	\$ (000's)
Revenue	50,033	31,827
Investment income	474	642
Other gains and losses	2,132	(13)
	52,639	32,456
Share of losses of associates	-	(58)
Employee benefits expense	(11,547)	(6,283)
Depreciation, amortisation and impairments	(1,371)	(625)
Marketing expenses	(11,347)	(8,099)
Operating expenses	(11,634)	(5,633)
Options expenses	(103)	(107)
Technology expenses	(2,437)	(843)
Administrative expenses	(1,004)	(484)
Finance costs	(82)	-
Directors' fees	(227)	(307)
Other expenses	(1,563)	(1,584)
Profit before tax	11,324	8,433
Income tax expense	(2,272)	(2,787)
Profit for the period	9,052	5,646
Profit attributable to:		
Owners of the Company	9,173	5,721
Non-controlling interests	(121)	(75)
	9,052	5,646
Earnings per share:		
Basic (cents per share)	11.55	8.00
Diluted (cents per share)	11.49	7.94

Notes to the consolidated financial statements are included on pages 10 to 12.

Consolidated statement of comprehensive income

For the half-year ended 31 December 2013

	Consolidated	
	Half-year ended	
	31 Dec 2013	31 Dec 2012
	\$ (000's)	\$ (000's)
Profit for the period	9,052	5,646
Other comprehensive income, net of income tax		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Changes in fair value of cash flow hedge	-	355
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translating foreign operations	304	4
Other comprehensive income for the period, net of income tax	304	359
Total comprehensive income for the period	9,356	6,005
Total comprehensive income attributable to:		
Owners of the Company	9,433	6,099
Non-controlling interests	(77)	(94)
	9,356	6,005

**Webjet Limited
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Consolidated balance sheet**

As at 31 December 2013

	Consolidated	
	31 Dec 2013	30 Jun 2013
	\$ (000's)	\$ (000's)
Current assets		
Cash and cash equivalents	45,421	66,812
Trade and other receivables	14,847	17,026
Current tax assets	943	-
Other assets	2,810	5,010
Total current assets	64,021	88,848
Non-current assets		
Investments in associates	192	-
Other financial assets	255	200
Property, plant and equipment	2,735	1,570
Deferred tax assets	3,710	4,624
Intangible assets	41,360	38,968
Total non-current assets	48,252	45,362
Total assets	112,273	134,210
Current liabilities		
Trade and other payables	33,567	63,029
Other financial liabilities	229	20
Current tax liabilities	1,583	1,904
Provisions	1,526	4,070
Other liabilities	2,210	954
Total current liabilities	39,115	69,977
Non-current liabilities		
Deferred tax liabilities	2,966	3,233
Provisions	241	257
Other liabilities	5,238	-
Total non-current liabilities	8,445	3,490
Total liabilities	47,560	73,467
Net assets	64,713	60,743
Equity		
Issued capital	40,179	40,179
Reserves	2,350	1,987
Retained earnings	22,184	18,645
Equity attributable to owners of the company	64,713	60,811
Non-controlling interests	-	(68)
Total equity	64,713	60,743

Notes to the consolidated financial statements are included on pages 10 to 12.

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Consolidated statement of changes in equity

For the half-year ended 31 December 2013

	Issued capital \$'000	Equity-settled employee benefits reserve \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total attributable to owners of the company \$'000	Non- controlling interests \$'000	Total \$'000
Balance at 1 July 2012	11,042	250	-	(189)	21,796	32,899	54	32,953
Profit for the period	-	-	-	-	5,721	5,721	(75)	5,646
Other comprehensive income for the year, net of income tax	-	-	355	23	-	378	(19)	359
Total comprehensive income for the period	-	-	355	23	5,721	6,099	(94)	6,005
Transactions with owners in their capacity as owners								
Share issue, net of transaction costs and income tax	24,217	-	-	-	-	24,217	-	24,217
Payment of dividends	-	-	-	-	(4,975)	(4,975)	-	(4,975)
Recognition of share based payments	-	111	-	-	-	111	-	111
Sub-total	24,217	111	355	23	746	25,452	(94)	19,353
Balance at 31 December 2012	35,259	361	355	(166)	22,542	58,351	(40)	58,311
Balance at 1 July 2013	40,179	465	-	1,522	18,645	60,811	(68)	60,743
Profit for the period	-	-	-	-	9,173	9,173	(121)	9,052
Other comprehensive income for the year, net of income tax	-	-	-	260	-	260	44	304
Total comprehensive income for the period	-	-	-	260	9,173	9,433	(77)	9,356
Transactions with owners in their capacity as owners								
Payment of dividends	-	-	-	-	(5,558)	(5,558)	-	(5,558)
Recognition of share based payments	-	103	-	-	-	103	-	103
Difference arising on disposal of interest in a subsidiary	-	-	-	-	(76)	(76)	145	69
Sub-total	-	103	-	260	3,539	3,902	68	3,970
Balance at 31 December 2013	40,179	568	-	1,782	22,184	64,713	-	64,713

Notes to the consolidated financial statements are included on pages 10 to 12.

Consolidated statement of cash flows

For the half-year ended 31 December 2013

	Consolidated	
	Half-year ended	
	31 Dec 2013	31 Dec 2012
	\$ (000's)	\$ (000's)
Cash from operating activities		
Receipts from customers	60,683	32,408
Payments to suppliers and employees	(69,322)	(26,752)
Interest received	424	632
Interest and other costs of finance paid	(82)	-
Income taxes paid	(2,889)	(2,921)
Net cash generated by / (used in) operating activities	(11,186)	3,367
Cash flows from investing activities		
Payments for property, plant and equipment	(1,409)	(446)
Payments for intangible assets	(3,519)	(1,836)
Dividends received	50	-
Net cash used in investing activities	(4,878)	(2,282)
Cash flows from financing activities:		
Proceeds from the issue of equity instruments of the Company	-	25,000
Payment for transaction costs of issue of equity instruments	-	(1,087)
Dividends paid to owners of the Company	(5,558)	(4,975)
Net cash generated by / (used in) financing activities	(5,558)	18,938
Net increase/(decrease) in cash and cash equivalents	(21,622)	20,023
Cash and cash equivalents at the beginning of the period	66,812	33,761
Effects of exchange rate changes on the balance of cash held in foreign currencies	231	352
Cash and cash equivalents at the end of the period	45,421	54,136

Notes to the consolidated financial statements are included on pages 10 to 12.

Notes to the consolidated financial statements

For the half-year ended 31 December 2013

1 Basis of preparation of half-year report

This general purpose consolidated interim financial report for the half-year ended 31 December 2013 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The historical cost basis has been used, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values. The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

The consolidated interim financial report does not include notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the most recent annual financial report and any public announcements made by Webjet Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the company include:

AASB 10 'Consolidated Financial Statements'
AASB 11 'Joint Arrangements'
AASB 12 'Disclosure of Interests in Other Entities'
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'
AASB 119 'Employee Benefits' and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119'
AASB 127 'Separate Financial Statements'
AASB 128 'Investments in Associates and Joint Ventures'
AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
AASB 2012-2 'Amendments to Australian Accounting Standards - Disclosures – Offsetting Financial Assets and Financial Liabilities'
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'
AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'

The application of the above standards and amendments has had no material impact on the disclosures or on the amounts recognised in the consolidated interim financial report.

2 Segment information

(a) Description of segments

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

The Managing Director considers that all members of the group provide the same service, being Travel Bookings. However there are two distinct classes of customer; consumers and business. The reportable segments of the Consolidated Entity are – Business to Consumer Travel (B2C Travel) and Business to Business Travel (B2B Travel).

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2 Segment information (cont'd)

(b) Segment information provided to the Managing Director

The segment information provided to the Managing Director for the period ended 31 December 2013 and 31 December 2012 is as follows:

	Half-year ended					
	31 Dec 2013			31 Dec 2012		
	B2C Travel \$'000	B2B Travel \$'000	Total \$'000	B2C Travel \$'000	B2B Travel \$'000	Total \$'000
Revenues from external customers	48,592	1,441	50,033	31,827	-	31,827
Interest Revenue	474	-	474	642	-	642
Depreciation and amortization	(1,313)	(58)	(1,371)	(625)	-	(625)
Losses of associates	-	-	-	(58)	-	(58)
Profit/(loss) before tax	11,793	(469)	11,324	9,530	(1,097)	8,433
Income tax expense	(2,272)	-	(2,272)	(2,787)	-	(2,787)
Profit/(loss) after tax	9,521	(469)	9,052	6,743	(1,097)	5,646
Total assets	102,305	9,968	112,273	75,952	13	75,965
Total liabilities	34,805	12,755	47,560	57,200	1,111	58,311

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

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

(c) Other segment information

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

	Revenue		Non-Current Assets ¹	
	Half-year ended		Half-year ended	
	31 Dec 2013 \$'000	31 Dec 2012 \$'000	31 Dec 2013 \$'000	31 Dec 2012 \$'000
Australia	34,882	31,208	40,196	12,679
All other countries	15,151	619	4,091	321
	50,033	31,827	44,287	13,000

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

3 Equity Securities Issued

	Half-year ended		Half-year ended	
	31 Dec 2013 Shares	31 Dec 2012 Shares	31 Dec 2013 \$'000	31 Dec 2012 \$'000
Share issue	-	6,944,445	-	25,000
	-	6,944,445	-	25,000

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4 Dividends paid

	Half-year ended		Half-year ended	
	31 Dec 2013 Cents per share	31 Dec 2013 \$'000	31 Dec 2012 Cents per share	31 Dec 2012 \$'000
Fully paid ordinary shares Dividends paid	7.0	5,558	7.0	4,975

5 Subsidiaries

On 31 December 2013, Webjet USA Holdings LLC (a subsidiary of Webjet Limited) sold a 35% shareholding in Webjet Marketing North America LLC. The sale reduced their shareholding in Webjet Marketing North America LLC from 50% to 15% resulting in a loss of control. Therefore from 31 December 2013 it is no longer accounted for as a subsidiary, it is now accounted for as an associate. The sale consideration has been deferred.

	Half-year ended	
	31 Dec 2013 \$'000	31 Dec 2012 \$'000
Profit/(loss) from USA operations (including gain on sale of 35% share of Webjet Marketing North America LLC)	691	(150)

6 Contingent assets and liabilities

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

7 Events after the reporting period

On 12 February 2014, the directors declared an interim dividend of 6.25 cents per share fully franked totalling \$4.76m to be paid to shareholders on 11 April 2014.

Directors' Declaration

The directors 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; and
- (b) 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 consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



David Clarke
Chairman

Date: 12 February 2014

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

As lead auditor for the review of Webjet Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. no contraventions of any applicable code of professional conduct in relation to the review.

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



Michael Haydon
Director

BDO Audit (SA) Pty Ltd

Adelaide, 12 February 2014

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF WEBJET LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Webjet Limited, which comprises the consolidated balance sheet as at 31 December 2013, the consolidated income statement, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Webjet Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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 review report.

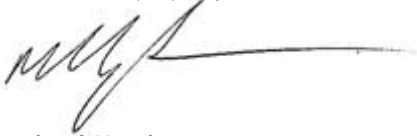
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Webjet Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*



BDO Audit (SA) Pty Ltd



Michael Haydon
Director

Adelaide, 12 February 2014