

Webjet Limited

ABN 68 002 013 612

Half-Year Financial Report

Half-Year Ended 31 December 2012

**Webjet Limited – Half-Year Report
And Controlled Entities**

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

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492 St Kilda Road
Melbourne Vic 3004
Phone: (03) 9820 9214
Email: webjet@webjet.com.au

Share Registry

Computershare Investor Services Pty Ltd
Level 5
115 Grenfell Street
Adelaide SA 5000
Phone: (08) 8236 2300

Principal Administrative Office

Level 9
492 St Kilda Road
Melbourne Vic 3004

Company Secretary

John Viegas
Level 9
492 St Kilda Road
Melbourne Vic 3004

Solicitors

Minter Ellison
525 Collins Street
Melbourne Vic 3001

Auditors

BDO
Level 7, BDO Centre
420 King William Street
Adelaide SA 5000

Bankers

Bank of Melbourne
Level 8, 530 Collins Street
Melbourne Vic 3000

Internet Address

www.webjet.com.au

**Webjet Limited – Half-Year Report
And Controlled Entities**

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Directors' Report

Review of Operations

The directors of Webjet Limited submit herewith the financial report of the company and its controlled entities for the half-year ended 31 December 2012. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

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)
Chris Newman (Non Executive Director)
Steven Scheuer (Non Executive Director)
Richard Noon (Executive Director)
Roger Sharp (Non Executive Director)

The above named directors held office during or since the end of the half-year, except for:

Richard Noon – resigned 31 August 2012
Chris Newman – resigned 14 November 2012
Roger Sharp – appointed 1 January 2013

Review of Operations

The half year ended 31 December 2012 has provided a net profit after tax of \$5.65m compared to a result of \$5.88m for 2011, a decrease of 3.9%. Included in this result is \$1.6m in non-recurring costs associated with the start up of Lot of Hotels in Dubai and also the acquisition of Zuji. Normalising for these items sees a net profit after tax of \$7.3m which is an increase of 24% on the previous comparative period.

The profit before tax for the half year decreased from \$8.50m to \$8.43m, a decrease of 0.8%.

Gross transaction values increased for the half year to 31 December 2012 to \$380.2m compared to \$367.9m the previous year, an increase of 3.3%.

A final dividend of 7 cents per share fully franked totalling \$4.98m was paid on 5 October 2012. An interim dividend of 6 cents per share fully franked totalling \$4.76m has been declared and is payable 11 April 2013.

Trading profits have seen a positive net cash flow from operating activities of \$3.4m and has resulted in cash on hand totalling \$54.14m. Included in cash is USD \$25m (AUD \$24.1m) to be used to complete the acquisition of Zuji.

Webjet revises its earlier EBITDA and net profit growth guidance to 15% for the full year on a normalised basis (that is, excluding transition costs, transaction costs and trading results for Zuji, and start up costs for Lots of Hotels).

**Webjet Limited – Half-Year Report
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Directors' Report

Auditor's Independence Declaration

A copy of the independence declaration by the lead auditor under section 307C can be found on page 15 of the half-year financial report.

Rounding of amounts to nearest thousand dollars

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.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in dark ink, appearing to be 'David Clarke', written over a horizontal line.

David Clarke
Chairman

Melbourne, 6 February 2013

**Webjet Limited – Half-Year Report
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Condensed consolidated statement of profit or loss

For the half-year ended 31 December 2012

	Consolidated	
	Half-year ended	
	31 Dec 2012 \$ (000's)	31 Dec 2011 \$ (000's)
Revenue	31,827	28,162
Investment income	642	890
Other gains and losses	(13)	-
	32,456	29,052
Share of losses of associates	(58)	(324)
Employee benefits expense	(6,283)	(4,345)
Depreciation, amortisation and impairments	(625)	(311)
Marketing expenses	(8,099)	(6,488)
Operating expenses	(5,633)	(6,933)
Options expenses	(107)	(125)
Technology expenses	(843)	(733)
Administrative expenses	(484)	(353)
Directors' fees	(307)	(172)
Other expenses	(1,584)	(771)
Profit before tax	8,433	8,497
Income tax expense	(2,787)	(2,613)
Profit for the period	5,646	5,884
Profit attributable to:		
Owners of the Company	5,721	6,043
Non-controlling interests	(75)	(159)
	5,646	5,884
Earnings per share:		
Basic (cents per share)	8.00	8.17
Diluted (cents per share)	7.94	8.16

Notes to the condensed consolidated financial statements are included on pages 10 to 13.

Condensed consolidated statement of comprehensive income

For the half-year ended 31 December 2012

	Consolidated	
	Half-year ended	
	31 Dec 2012 \$ (000's)	31 Dec 2011 \$ (000's)
Profit for the period	5,646	5,884
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	4	10
Other comprehensive income for the period, net of income tax	359	10
Total comprehensive income for the period	6,005	5,894
Total comprehensive income attributable to:		
Owners of the Company	6,099	6,025
Non-controlling interests	(94)	(131)
	6,005	5,894

Notes to the condensed consolidated financial statements are included on pages 10 to 13.

Condensed consolidated statement of financial position

As at 31 December 2012

	Consolidated		
	Note	31 Dec 2012 \$ (000's)	30 Jun 2012 \$ (000's)
Current assets			
Cash and cash equivalents		54,136	33,761
Trade and other receivables		4,017	4,640
Other assets		1,286	755
Total current assets		59,439	39,156
Non-current assets			
Investments in associates		-	58
Other financial assets		207	205
Property, plant and equipment		1,199	969
Deferred tax assets		3,319	3,037
Intangible assets		11,801	10,365
Total non-current assets		16,526	14,634
Total assets		75,965	53,790
Current liabilities			
Trade and other payables		13,397	16,456
Other financial liabilities		11	13
Current tax liabilities		772	1,152
Provisions		610	586
Other liabilities		46	28
Total current liabilities		14,836	18,235
Non-current liabilities			
Deferred tax liabilities		2,798	2,575
Provisions		20	27
Total non-current liabilities		2,818	2,602
Total liabilities		17,654	20,837
Net assets		58,311	32,953
Equity			
Issued capital	5	35,259	11,042
Reserves		550	61
Retained earnings		22,542	21,796
Equity attributable to owners of the company		58,351	32,899
Non-controlling interests		(40)	54
Total equity		58,311	32,953

Notes to the condensed consolidated financial statements are included on pages 10 to 13.

Condensed consolidated statement of changes in equity

For the half-year ended 31 December 2012

	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 2011	23,214	740	-	(83)	16,154	40,025	190	40,215
Payment of dividends	-	-	-	-	(4,430)	(4,430)	-	(4,430)
Profit for the period	-	-	-	-	6,043	6,043	(159)	5,884
Other comprehensive income for the year, net of income tax	-	-	-	(18)	-	(18)	28	10
Total comprehensive income for the period	-	-	-	(18)	6,043	6,025	(131)	5,894
Share issue (exercise of options)	944	-	-	-	-	944	-	944
Buy-back of ordinary shares	(7,635)	-	-	-	-	(7,635)	-	(7,635)
Issue of new options	-	125	-	-	-	125	-	125
Options exercised	84	(84)	-	-	-	-	-	-
Forfeited options transferred to retained earnings	-	(656)	-	-	656	-	-	-
Sub-total	(6,607)	(615)	-	(18)	2,269	(4,971)	(131)	(5,102)
Balance at 31 December 2011	16,607	125	-	(101)	18,423	35,054	59	35,113
Balance at 1 July 2012	11,042	250	-	(189)	21,796	32,899	54	32,953
Payment of dividends	-	-	-	-	(4,975)	(4,975)	-	(4,975)
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
Share issue, net of transaction costs and income tax	24,217	-	-	-	-	24,217	-	24,217
Recognition of share based payments	-	111	-	-	-	111	-	111
Sub-total	24,217	111	355	23	746	25,452	(94)	25,358
Balance at 31 December 2012	35,259	361	355	(166)	22,542	58,351	(40)	58,311

Notes to the condensed consolidated financial statements are included on pages 10 to 13.

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Condensed consolidated statement of cash flows

For the half-year ended 31 December 2012

	Consolidated	
	Half-year ended	
	31 Dec 2012	31 Dec 2011
	\$ (000's)	\$ (000's)
Cash from operating activities		
Receipts from customers	32,408	26,771
Payments to suppliers and employees	(26,752)	(19,600)
Interest received	632	819
Income taxes paid	(2,921)	(2,618)
Net cash generated by operating activities	3,367	5,372
Cash flows from investing activities		
Payments for property, plant and equipment	(446)	(593)
Payments for intangible assets	(1,836)	(1,309)
Proceeds from sale of available-for-sale financial assets	-	1,250
Net cash used in investing activities	(2,282)	(652)
Cash flows from financing activities:		
Proceeds from the issue of equity instruments of the Company	25,000	944
Payment for transaction costs of issue of equity instruments	(1,087)	-
Dividends paid to owners of the Company	(4,975)	(4,430)
Payment for share buy-back	-	(7,635)
Net cash generated by / (used in) financing activities	18,938	(11,121)
Net increase/(decrease) in cash and cash equivalents	20,023	(6,401)
Cash and cash equivalents at the beginning of the period	33,761	31,626
Effects of exchange rate changes on the balance of cash held in foreign currencies	352	8
Cash and cash equivalents at the end of the period	54,136	25,233

Notes to the condensed consolidated financial statements are included on pages 10 to 13.

Notes to the condensed consolidated financial statements

For the half-year ended 31 December 2012

1 Significant accounting policies

Statement of compliance

This general purpose financial report for the interim half-year reporting period ended 31 December 2012 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall 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*.

Basis of preparation

The condensed consolidated financial statements have been prepared on an accrual basis and are 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. All amounts are presented in Australian dollars, unless otherwise noted.

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2012 annual financial report for the financial year ended 30 June 2012. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and effective for the current reporting period.

2 Segment information

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

- Australia and New Zealand (ANZ)
- Other locations

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

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

Notes to the condensed consolidated financial statements

For the half-year ended 31 December 2012

2 Segment information (continued)

Segment revenues and results

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

	Revenue		Segment profit	
	Half-year ended		Half-year ended	
	31 Dec 2012 \$'000	31 Dec 2011 \$'000	31 Dec 2012 \$'000	31 Dec 2011 \$'000
Australia & New Zealand	31,204	27,938	8,014	8,306
Other locations	623	224	(152)	(375)
Share of profits/(losses) of associates			(58)	(324)
Other revenue			629	890
Profit before tax			8,433	8,497
Income tax expense			(2,787)	(2,613)
Consolidated segment revenue and profit for the period	31,827	28,162	5,646	5,884

Prior period segment profit has been reclassified between segments to reflect a consistent basis of management reporting.

Segment assets and liabilities

	Segment assets	
	31 Dec 2012 \$'000	31 Dec 2011 \$'000
Australia & New Zealand	71,242	46,750
Other locations	1,404	945
Deferred tax asset	3,319	2,803
Total segment assets	75,965	50,498
Consolidated total assets	75,965	50,498

	Segment liabilities	
	31 Dec 2012 \$'000	31 Dec 2011 \$'000
Australia & New Zealand	13,817	11,890
Other locations	267	285
Current tax & deferred tax liabilities	3,570	3,210
Total segment liabilities	17,654	15,385
Consolidated total liabilities	17,654	15,385

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

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

Notes to the condensed consolidated financial statements

For the half-year ended 31 December 2012

2 Segment information (continued)

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	
	Half-year ended	
	31 Dec 2012 \$'000	31 Dec 2011 \$'000
Flight bookings	27,780	24,864
Other bookings	4,047	3,298
	31,827	28,162

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*	
	Half-year ended			
	31 Dec 2012 \$'000	31 Dec 2011 \$'000	31 Dec 2012 \$'000	31 Dec 2011 \$'000
Australia & New Zealand	31,204	27,938	12,679	12,958
Other locations	623	224	321	371
	31,827	28,162	13,000	13,329

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

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

Notes to the condensed consolidated financial statements

For the half-year ended 31 December 2012

3 Equity Securities Issued

	Half-year ended		Half-year ended	
	31 Dec 2012 Shares	31 Dec 2011 Shares	31 Dec 2012 \$'000	31 Dec 2011 \$'000
Exercise of options under the Employee option plan	-	705,000	-	944
Share issue	6,944,445	-	25,000	-
	6,944,445	705,000	25,000	944

4 Dividends paid

	Half-year ended		Half-year ended	
	31 Dec 2012 Cents per share	31 Dec 2012 \$'000	31 Dec 2011 Cents per share	31 Dec 2011 \$'000
Fully paid ordinary shares Dividends paid	7.0	4,975	6.0	4,430

5 Issuances, repurchases and repayments of equity securities

Issued capital as at 31 December 2012 amounted to \$35,259,161 (78,010,374 ordinary shares).

During the half-year reporting period, the company issued 6,944,445 ordinary shares for \$25,000,002.

During the prior half-year reporting period, the company issued 705,000 ordinary shares for \$943,969 on exercise of 705,000 share options issued under its executive share option plan.

During the prior half-year reporting period, the company repurchased 3,758,165 ordinary shares under its share buy-back scheme. The shares bought back during the period were cancelled immediately.

There were no other movements in the ordinary share capital or other issued share capital of the company in the current or prior half-year reporting period.

6 Contingent assets and liabilities

Webjet Limited entered into a binding agreement for the purchase of 100% of the shares in Zuji Australia, Zuji Singapore and Zuji Hong Kong (the "Zuji Group") from Travelocity.com LP on 12 December 2012 for US\$25m. Completion of the acquisition is subject to satisfaction of certain conditions precedent including customary regulatory approvals. Included in the \$54.1m in cash at 31 December 2012 is US\$25m in cash on deposit to fund the acquisition of the Zuji Group. The transaction is expected to complete in the first quarter of 2013.

7 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.

8 Events after the reporting period

An interim dividend of 6 cents per share fully franked totalling \$4.76m has been declared and is payable 11 April 2013.

Webjet launched a non-underwritten Share Purchase Plan (SPP) capped at \$5.0m for eligible shareholders on January 7, which closed over-subscribed on January 18. The proceeds from the SPP were received by the Company on 25 January. Following the SPP the total number of ordinary shares on issue is 79,397,959. These shares are eligible for the interim dividend.

**Webjet Limited – Half-Year Report
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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 financial position and performance of the consolidated entity.

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: 6 February 2013

**Webjet Limited – Half-Year Report
And Controlled Entities**



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**DECLARATION OF INDEPENDENCE BY PAUL GOSNOLD
TO THE DIRECTORS OF WEBJET LIMITED**

As lead auditor for the review of Webjet Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- 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.

A handwritten signature in blue ink that reads 'Paul Gosnold'.

Paul Gosnold
Partner
BDO (SA)

6 February 2013

**Webjet Limited – Half-Year Report
And Controlled Entities**



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**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 condensed consolidated statement of financial position as at 31 December 2012, and the condensed consolidated statement of profit of loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity 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 disclosing entity 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 2012 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 2012 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 (SA)



Paul Gosnold
Partner

6 February 2013