



webjet limited

Webjet Limited

ABN 68 002 013 612

Interim Report

Half-Year Ended 31 December 2017

**Webjet Limited
And Controlled Entities
Interim Report**

Corporate Information

Directors

Roger Sharp (Chairman and Independent Non-Executive Director)
John Guscic (Managing Director)
Don Clarke (Independent Non-Executive Director)
Brad Holman (Independent Non-Executive Director)
Shelley Roberts (Independent Non-Executive Director)
Rajiv Ramanathan (Independent Non-Executive Director)

Registered Office

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

Share Registry

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Level 5
115 Grenfell Street
Adelaide SA 5000
Phone: (08) 8236 2300

Principal Administrative Office

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509 St Kilda Road
Melbourne Vic 3004

Company Secretary

Michael Sheehy
Level 2
509 St Kilda Road
Melbourne Vic 3004

Solicitors

Minter Ellison
525 Collins Street
Melbourne Vic 3001

DLA Piper
140 William Street
Melbourne Vic 3000

Auditors

Deloitte Touche Tohmatsu
550 Bourke Street
Melbourne Vic 3000

Bankers

National Australia Bank
Level 30, 500 Bourke Street
Melbourne Vic 3000

HSBC Bank Australia Limited
Level 10, 333 Collins Street
Melbourne Vic 3000

Australia and New Zealand Banking Group Limited
Level 3, 100 Queen Street
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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 2017.

Directors

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

Roger Sharp (Chairman and Independent Non-Executive Director)

John Guscic (Managing Director)

Don Clarke (Independent Non-Executive Director)

Brad Holman (Independent Non-Executive Director)

Shelley Roberts (Independent Non-Executive Director)

Rajiv Ramanathan (Independent Non-Executive Director)

Principal activities

The principal activity of the Consolidated Entity is the provision of online travel bookings through B2C and B2B divisions.

B2C Travel (business to consumer operations)

The Company's B2C Travel business operates the online travel agency (OTA) consumer brand of Webjet, as well as various market leading brands within the Online Republic group.

- **Webjet:** Established in 1998, Webjet is Australia and New Zealand's largest online travel agency, leading the way in online travel tools and technology. Webjet enables customers to compare, combine and book the best domestic and international travel flight deals, hotel accommodation, holiday package deals, travel insurance and car hire worldwide.
- **Online Republic** - Acquired in June 2016, Online Republic is a market leading global e-commerce group based in New Zealand specialising in online bookings of rental cars, motorhomes, cruises that also operates a digital marketing agency.

WebBeds (business to business operations)

The Company's B2B Travel business, WebBeds, sells hotel rooms to travel industry partners via the online channel. WebBeds offers a simplified business-to-business solution, placing the broadest range of hotel rooms on sale worldwide into the hands of its partners through its Lots of Hotels, Sunhotels, FIT Ruums and JacTravel businesses. Following the acquisition of JacTravel in September 2017, WebBeds is now the #2 B2B player globally and #2 B2B player in the important European market.

- **Lots of Hotels** - This B2B business was launched in Dubai in February 2013, and today operates in 45 markets. Lots of Hotels sources content ranging from one to five-star hotels and resorts through a range of suppliers using a unique multi-supply aggregation strategy, offering rooms at more than 250,000 hotels worldwide. Lots of Hotels launched in North America in November 2015.
- **Sunhotels** - Acquired in July 2014, Sunhotels is an established online accommodation and ground services provider specialising in the provision of a wide range of hotels, apartments, experiences and transfers worldwide. Key destinations are Europe, the Middle East, North America, the Caribbean and Thailand, with a strong position in Mediterranean beach destinations. In August 2016, Sunhotels announced a strategic sourcing partnership agreement with Thomas Cook International AG (Thomas Cook), one of Europe's leading holiday companies. Under the agreement Sunhotels is progressively taking responsibility for the majority of the volume of Thomas Cook's complementary hotel business.
- **FIT Ruums** - Launched in November 2016, FIT Ruums offers B2B travel distribution for worldwide hotel accommodation and transfers in Asia and now operates in Singapore, Hong Kong, South Korea, Taiwan, Thailand, Indonesia, Japan, Malaysia, China and India.
- **JacTravel** - Acquired on 31 August 2017 JacTravel is a market-leading global B2B business based in Europe. Operating a multi-brand strategy via JacTravel and TotalStay, the company connects an extensive range of suppliers with travel providers and specialises in both multi-channel hotel distribution and tailored tours to inbound traveller groups visiting Europe. JacTravel has market leading positions in its core segments and is one of the largest independent platforms in Europe, with a strong presence in key international cities.

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Key events during the period

On 2 August 2017 Webjet announced the acquisition of JacTravel. The acquisition of this market-leading European B2B travel business with around £400 million in total transaction value (TTV) made WebBeds the #2 B2B player globally and the #2 B2B player in the important European market.

JacTravel was acquired based on a multiple of earnings for £200 million plus “normalised negative” working capital (AUD equivalent \$336.7 million). The acquisition was funded by the proceeds of a \$164 million accelerated non-renounceable entitlement offer issuing 16.4 million shares at \$10.00 per share, plus \$100 million in debt funding and \$74 million from existing cash reserves. In addition, 2.6 million new Webjet shares were issued to continuing JacTravel management shareholders and the private equity vendor of JacTravel at an issue price of \$10.94 per share. This placement represented 7.7% of the purchase price and represented approximately 2% of Webjet’s issued capital after the completion of the entitlement offer. At the end of the placement, the number of shares on issue was 118.3 million.

On 22 November 2017, the Company announced the restructure of its WebBeds business into three geographic regions (WebBeds Europe, WebBeds Asia and WebBeds Middle East, Africa and the Americas (MEAA)) to help the business stay close to its partners and deliver the most appropriate product offers and solutions for their individual geographic needs. The Lots of Hotels, Sunhotels, FIT Rooms and JacTravel brands will continue to operate under the broader WebBeds umbrella, leveraging existing brand loyalty while improving efficiency.

Since FY16, Exclusives has focused on tour offerings. In FY17, in order to obtain superior margins, we changed our supplier arrangements to act as principal rather than agent. In light of the commercial risks associated with acting as principal of a tour business, from 1 July 2017 supplier contractual terms were changed, with Webjet acting as agent for all new bookings. The strong growth of Exclusives during FY17 enabled us to negotiate attractive margins and as a result, Exclusives acting as agent, has maintained similar margins as the previous reporting period.

Financial Results

In the 6-month period to 31 December 2017, the Company’s Continuing Operations delivered a significant uplift in all key financial metrics over the Prior Corresponding Period (PCP) with TTV, Revenue, EBITDA and NPAT rising 54.9%, 52.2%, 62.8% and 25.4% respectively.

In the PCP the Company recorded a significant one-off gain from the sale of its Zuji business, therefore Continuing Operations as reported below provides a like-for-like comparison between financial periods.

Continuing Operations

	Continuing Operations			
	1H18	1H17	Change	
	\$m	\$m	\$m	%
TTV	1,443	932	511	55%
Revenue	131.9	86.7	45.2	52%
Revenue as Principal	227.9	5.6	222.3	nm
Total Revenue	359.8	92.3	267.5	290%
EBITDA	41.0	25.2	15.8	63%
EBIT (before AA)	34.6	22.3	12.3	55%
PBT (before AA)	32.3	21.3	11.0	52%
NPAT (before AA)	23.8	16.4	7.4	45%
Acquisition Amortisation (AA)	(3.9)	(0.5)	(3.3)	633%
NPAT	20.0	15.9	4.0	25%
EPS (cents)				
- Basic	17.8	16.4	1.4	9%
- Diluted	17.7	16.2	1.5	9%
Margins				
Revenue Margin	9.1%	9.3%		(0%)
EBITDA Margin	31.1%	29.0%		2%
Marketing % TTV	1.3%	1.6%		(0%)
Marketing % Revenue	14.4%	17.3%		(3%)
Effective Tax Rate (excl AA)	26.1%	22.7%		3%
Effective Tax Rate	29.7%	23.3%		6%

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TTV for continuing operations was \$1,443 million, up 54.9% on PCP. By business segment, B2C TTV increased by \$117 million and B2B increased by \$394 million, representing growth of 16.8% and 168.0% over PCP respectively. Excluding JacTravel, B2B TTV increased \$163 million, representing 69.3% organic growth.

Revenue as Principal. JacTravel acts as principal in its wholesale relationship between its customers and suppliers. As a result, revenue is equal to TTV. Based on supplier and customer contractual terms, during the current reporting period Webjet Exclusives acted as agent but also recognised revenue as principal from bookings made prior to 1 July 2017 when it ceased acting as principal. For clarity, revenue associated with both JacTravel and Exclusives acting as principal has been separated out. For consistency, revenue as principal has been removed from margin analysis.

Revenue at \$131.9 million was up 52.2%. Excluding JacTravel, revenue increased by \$20.0 million, representing 23.0% organic growth. B2C revenue increased 20.5% to \$82.4 million and B2B underlying organic growth was 32.3%. The revenue margin (as a percentage of TTV) for continuing operations was 9.1% (1H17: 9.3%). The B2C revenue margin was 10.1% (1H17: 9.8%) and B2B 7.9% (1H17: 7.8%). Excluding Thomas Cook, the B2B revenue margin was 8.5%.

Reported operating costs were \$91.9 million, a 22.8% increase over PCP. Excluding the one off \$1.0 million JacTravel acquisition costs, operating costs for continuing operations were \$90.9m. On a like-for-like basis the costs of continuing operations increased by 20.8%. Operating costs for B2C were 24.1% higher than PCP; excluding JacTravel, B2B costs were 15.1% higher than PCP. Corporate costs were \$3.6 million for the period, up 10.5% over the prior comparative period (1H17: \$3.3 million).

During the period, WebBeds continued to invest in its FIT Ruums business, which incurred a loss for 1H18 of \$2.3 million (1H 17: \$0.9m) as it scaled across Asia.

EBITDA was \$41.0 million, an increase of 62.8% over PCP. Excluding JacTravel, EBITDA for continuing operations increased by 28.5%. On a like-for-like basis B2C increased by 15.3% to \$31.8 million (1H17 \$27.6 million); after expensing \$2.3 million on the Fit Ruums start up, excluding JacTravel, B2B EBITDA increased by 379% to \$4.2 million (1H17: \$0.9 million).

PBT from continuing operations before acquisition amortisation was \$32.3 million, an increase of \$11.0m over PCP. Excluding JacTravel, PBT for the continuing operations increased by 25.9% over PCP.

NPAT for continuing operations increased by 25.4% to \$20.0 million.

Statutory Results

	Statutory Result				Continuing Operations			
	1H18	1H17	Change		1H18	1H17	Change	
	\$m	\$m	\$m	%	\$m	\$m	\$m	%
TTV	1,443	1,025	418	41%	1,443	932	511	55%
Revenue	131.9	119.2	12.7	11%	131.9	86.7	45.2	52%
Revenue as Principal	227.9	5.6	222.3	nm	227.9	5.6	222.3	nm
Total Revenue	359.8	124.8	235.0	188%	359.8	92.3	267.5	290%
EBITDA	40.0	44.4	(4.4)	(10%)	41.0	25.2	15.8	63%
EBIT (before AA)	33.6	40.2	(6.5)	(16%)	34.6	22.3	12.3	55%
PBT (before AA)	30.7	39.1	(8.4)	(22%)	32.3	21.3	11.0	52%
NPAT (before AA)	22.3	36.0	(13.7)	(38%)	23.8	16.4	7.4	45%
Acquisition Amortisation (AA)	(3.9)	(0.5)	(3.3)	633%	(3.9)	(0.5)	(3.3)	633%
NPAT	18.4	35.5	(17.1)	(48%)	20.0	15.9	4.0	25%
EPS (cents)								
- Basic	16.5	36.6	(20.1)	(55%)	17.8	16.4	1.4	9%
- Diluted	16.3	36.0	(19.7)	(55%)	17.7	16.2	1.5	9%
Margins								
Revenue Margin	9.1%	11.6%	(2%)		9.1%	9.3%	(0%)	
EBITDA Margin	30.3%	37.2%	(7%)		31.1%	29.0%	2%	
Marketing % TTV	1.3%	1.6%	(0%)		1.3%	1.6%	(0%)	
Marketing % Revenue	14.4%	14.0%	0%		14.4%	17.3%	(3%)	
Effective Tax Rate (excl AA)	27.4%	8.0%	19%		26.1%	22.7%	3%	
Effective Tax Rate	31.4%	8.1%	23%		29.7%	23.3%	6%	

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Notes:

- (1) The accounting for the Thomas Cook arrangement was finalised after the release of the 31 December 2016 interim report. As a result, the comparatives for the half year ended 31 December 2017 have been restated accordingly to align with the accounting policies adopted in the 30 June 2017 consolidated financial report. The impact of the restatement is a reduction in revenue and EBITDA of \$5.3 million and a reduction in amortisation charge of \$1.4 million for the six-month period ended 31 December 2016.
- (2) 1H18 Continuing Operations excludes \$1.0 million expenses directly associated with the acquisition of JacTravel. For consistency, acquisition costs of \$0.2 million have also been excluded from 1H17 Continuing Operations comparatives.
- (3) 1H17 Continuing Operations excludes gain on sale of Zuji and one-off adjustments including change in accounting treatment for Webjet Exclusives acting as principal, termination of car hire contract and performance rights.
- (4) United Kingdom-based JacTravel acts as principal in its wholesale relationship between its customers and suppliers and accordingly its revenue is equal to TTV. For clarity, revenue associated with JacTravel acting as principal as has been separately identified in the table above. There is no impact on earnings as the additional revenue has an operating cost offset. For consistency purposes, this revenue has been excluded from the margin analysis.
- (5) Based on supplier and customer contractual terms, during the current reporting period Webjet Exclusives acted as principal and agent.
- (6) The table separately identifies the charge relating to the amortisation of intangible assets that have been acquired through acquisition. \$163 million in acquisition intangibles were identified in a Purchase Price Allocation (PPA) report obtained in connection with the JacTravel acquisition.
- (7) EBITDA represents earnings before income tax expense, net finance costs, depreciation and amortisation. The Company believes presenting EBITDA and EBIT provides a better understanding of its financial performance by facilitating more representative comparison of financial performance between financial periods. EBITDA and EBIT are presented with reference to the ASIC Regulatory Guide 230.

The prior corresponding period includes the \$26.8 million net gain on sale from Zuji, \$5.5 million revenue reduction associated with revenue recognition change to Webjet Exclusives, \$3.6 million costs associated with the granting of performance rights to KMP, the early termination of a car hire supplier agreement, write down of our investment in Webjet USA and other sundry charges. Similarly, the JacTravel acquisition, effective from 1 September 2017 has had a material impact on the current period financial performance.

Total transaction value (TTV) was \$1,443 million, up 40.8% versus PCP. By business segment, B2C TTV increased by \$24 million and B2B increased by \$394 million, representing growth of 3.1% and 168.0% over PCP respectively.

Reported revenue was \$360.0 million, an increase of 187.7% over PCP. Current period revenue includes \$228.0m where Webjet acts as a Principal, a \$222.3 million increase over the PCP. Where Webjet acts as principal there is an offset increase in cost of sales, and therefore for underlying comparison purposes can be excluded. Excluding this revenue, revenue increased 10.6% to \$131.9 million. The revenue margin was 9.1% (1H17 11.6%).

Operating costs were \$91.9 million, a 22.8% increase over PCP.

EBITDA was \$40.0 million, a 9.9% decrease over PCP (1H17 \$44.4 million), which included a one-off gain of \$26.8 million from the sale of Zuji.

Reported depreciation and amortisation (D&A) increased by \$6.8 million to \$10.2 million (1H17: \$3.4 million). This included a \$3.9 million charge associated with the amortisation of intangible assets that have been acquired through acquisition.

Excluding establishment fees for a \$100 million loan to finance the acquisition of JacTravel, financing costs were \$3.0 million (1H17 \$1.4 million). These costs for the 6 months ended 31 December 2017 included 4-months interest.

Profit before tax (PBT) was \$26.8 million, \$11.8m lower than PCP, principally due to the sale of Zuji.

Reported tax expense for the period was \$8.4 million, \$5.3 million higher than PCP. The tax expense as a percentage of PBT, was impacted in this reporting period by a \$1.6 million one off non-deductible JacTravel acquisition & financing charge and \$3.9 million non-deductible amortisation of acquisition related charges.

Reported net profit after tax (NPAT) was \$18.4 million (1H17: \$35.5 million).

Working capital and cash

Cash and equivalents were \$126.9 million (1H17: \$95.0 million). Client funds included in cash and equivalents were \$17.2 million (1H17: \$21.2 million).

JacTravel was acquired based on a multiple of earnings for £200 million plus "normalised negative" working capital. This required the Company to fund \$41.7 million in negative working capital at acquisition, being \$26.2 million in cash and \$88.1 million in receivables less \$156.0 million in payables.

Post-acquisition, WebBeds' working capital requirements increased by approximately \$40 million over the six-month period, driven by its significant growth and the seasonal trading cycle (equating to around 11-debtor days). As a consequence, the Company's cash conversion, as measured by operating cash flow (adjusted cash from operating activities before interest and tax) divided by EBITDA was negative 10% (1H 17 negative 1%). This will improve materially in H2 when strong seasonal cash inflows are typically generated.

During the reporting period external borrowings increased \$114.7 million to \$164.1 million.

For the six-month period to 31 December 2017, reported earnings per share (EPS) decreased by 55% to 16.5 cents (due to the one-off effect of the Zuji sale in PCP) whereas EPS from continuing operations increased by 9% to 17.8 cents (1H17 16.4 cents).

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Changes in state of affairs

Acquisition of JacTravel

On 31 August 2017, the Company completed its acquisition of JacTravel Group, a market leading European B2B travel business with approximately £400 million in annual transaction value. Details of the acquisition, including purchase price and net assets acquired are disclosed in note 5 of this report.

Disposal of Zuji business

On 31 December 2016, the Company completed the sale of its Hong Kong and Singapore Zuji businesses to Reckon Holdings Limited and Sharp Focus Pacific Limited, subsidiaries of Uriel Aviation Holding Limited, a Hong Kong based travel technology group. Total consideration from the Zuji sale was \$56.0 million, plus post completion surplus cash adjustment.

The proceeds from this disposal are reflected in the PCP.

Future developments

Further information on likely developments in the operations of the Consolidated Entity and the expected results of those operations has not been included in this financial report because the directors believe it would be likely to result in unreasonable prejudice to the Consolidated Entity.

Subsequent events

There has not been any other matter or circumstance occurring after the end of the financial six-month period 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 six-month periods.

Dividends

The final dividend for the year ended 30 June 2017 of \$0.10 per share fully franked to 100% was paid on 12 October 2017. The total payment was \$11.8 million. An interim dividend for the six-month period ended 31 December 2017 of \$0.08 per share fully franked totaling \$9.5 million, has been declared by the directors for payment on 18 April 2018.

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 24.

Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, 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 Legislative Instrument.

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

On behalf of the Directors



Roger Sharp
Chairman

Melbourne, 21 February 2018

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Consolidated income statement

For the half-year ended 31 December 2017

		Consolidated		
		Half-year ended		
			Restated	
		31-Dec-17	31-Dec-16	
Note		\$ (000's)	\$ (000's)	
	Revenue	6	352,582	95,943
	Interest income		628	296
	Other gains and losses		6,770	2,022
	Net gain on disposal of subsidiaries		-	26,847
			359,980	125,108
	Costs of providing travel services	3	(227,488)	(5,603)
	Employee benefits		(37,978)	(27,181)
	Depreciation and amortisation		(10,194)	(3,357)
	Impairment expense		-	(1,350)
	Marketing expenses		(18,926)	(16,743)
	Operating expenses		(17,632)	(17,477)
	Share based payment expenses	9	(450)	(1,104)
	Technology expenses		(6,532)	(3,754)
	Administrative expenses		(5,013)	(2,777)
	Finance costs		(3,573)	(1,355)
	Directors' fees		(256)	(321)
	Other expenses		(4,108)	(5,494)
	Business acquisition costs	5	(1,005)	-
	Profit before tax		26,825	38,592
	Income tax expense		(8,422)	(3,111)
	Profit for the period		18,403	35,481
	Profit attributable to:			
	Owners of the parent		18,403	35,481
	Non-controlling interests		-	-
			18,403	35,481
	Earnings per share:			
	Basic (cents per share)	2	16.46	36.60
	Diluted (cents per share)	2	16.28	36.02

Notes to the consolidated financial statements are included on pages 13-22
Comparative information has been restated as set out in note 2 of this report.

Consolidated statement of comprehensive income

For the half-year ended 31 December 2017

	Consolidated	
	Half-year ended	
	31-Dec-17	Restated
	\$ (000's)	31-Dec-16
		\$ (000's)
Profit for the period	18,403	35,481
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange difference on translating foreign operations	2,613	797
Changes in the fair value of derivatives	(127)	265
	2,486	1,062
<i>Items that have been subsequently reclassified to profit or loss</i>		
Foreign exchange gain on disposal of subsidiaries	-	(4,785)
Ineffective cash flow hedge	319	(367)
	319	(5,152)
Other comprehensive income for the period, net of income tax	2,805	(4,090)
Total comprehensive income for the period	21,208	31,391
Total comprehensive income attributable to:		
Owners of the parent	21,208	31,391
Non-controlling interests	-	-
	21,208	31,391

Notes to the consolidated income statements are included on pages 13-22
Comparative information has been restated as set out in note 2 of this report.

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Consolidated balance sheet

For the half-year ended 31 December 2017

		Consolidated	
		31-Dec-17	30-Jun-17
		\$ (000's)	\$ (000's)
	Note		
Current assets			
Cash and cash equivalents		126,882	178,125
Trade and other receivables	10	212,267	117,372
Other current assets		9,523	20,464
Current tax receivable		-	766
Loan receivable		13,663	13,297
Total current assets		362,335	330,024
Non-current assets			
Other financial assets		255	255
Other receivables		1,516	1,530
Deferred tax assets		4,856	2,787
Property, plant and equipment		16,197	11,689
Intangible assets	11	574,255	139,428
Loan receivable		-	7,106
Total non-current assets		597,079	162,795
Total assets		959,414	492,819
Current liabilities			
Trade and other payables	12	269,347	184,593
Borrowings	14	57,716	13,170
Derivative financial instruments		1,318	1,186
Current tax liabilities		2,197	-
Provisions		4,852	3,999
Other liabilities	13	52,997	22,774
Total current liabilities		388,427	225,722
Non-current liabilities			
Deferred tax liabilities		41,385	13,139
Borrowings	14	106,428	36,300
Provisions		721	1,320
Derivative financial instruments		4,413	-
Total non-current liabilities		152,947	50,759
Total liabilities		541,374	276,481
Net assets		418,040	216,338
Equity			
Issued capital	8	329,246	136,453
Reserves		802	(1,522)
Retained earnings		87,992	81,407
Equity attributable to owners of the parent		418,040	216,338
Non-controlling interests		-	-
Total equity		418,040	216,338

Notes to the consolidated financial statements are included on pages 13-22

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Consolidated statement of cash flow

For the half-year ended 31 December 2017

	Consolidated	
	Half-year ended	
Note	31-Dec-17	Restated 31-Dec-16
	\$ (000's)	\$ (000's)
Cash from operating activities		
Receipts from customers	680,669	331,948
Payments to suppliers and employees	(680,547)	(331,848)
Interest and other costs of finance paid	(2,854)	(1,090)
Interest received	591	256
Income tax paid	(4,223)	(8,079)
Net cash used in operating activities	(6,364)	(8,813)
Cash from investing activities		
Payments for property, plant and equipment	(4,045)	(1,251)
Proceeds from sale of property, plant and equipment	262	-
Purchase of intangible assets	(8,981)	(3,946)
Purchase of subsidiary, net of cash acquired	(320,318)	-
Proceeds from disposal of subsidiaries, net of cash disposed	-	2,580
Dividends received	100	65
Net cash used in investing activities	(332,982)	(2,552)
Cash flows from financing activities		
Dividends paid to company's shareholders	(11,818)	(7,814)
Repayments of borrowings	(52,388)	(50,867)
Proceeds from borrowings	166,710	50,493
Repayments from related party loan	22	-
Proceeds from the issue of shares and other equity securities	170,202	29,070
Payment of loan	-	(36,754)
Receipts from loan receivable	7,258	7,436
Net cash provided by / (used in) financing activities	279,986	(8,436)
Net decrease in cash and cash equivalents	(59,360)	(19,801)
Cash and cash equivalents at the beginning of the financial year	178,125	116,215
Effects of exchange rate changes on the balance of cash held in foreign currencies	8,117	(1,453)
Cash and cash equivalents at the end of the financial year	126,882	94,961

Notes to the consolidated financial statements are included on pages 13-22
Comparative information has been restated as set out in note 2 of this report.

Consolidated statement of changes in equity

For the half-year ended 31 December 2017

	Share capital	Share based payments	Available for-sale financial assets	Cashflow hedges	Foreign currency translation	Retained earnings	Total attributable to owners of the parent	Non-controlling interests	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2017	136,453	1,467	55	(1,111)	(1,933)	81,407	216,338	-	216,338
Profit for the year	-	-	-	319	-	18,403	18,722	-	18,722
Other comprehensive income for the year, net of income tax	-	-	-	(127)	2,613	-	2,486	-	2,486
Total comprehensive income for the year	-	-	-	192	2,613	18,403	21,208	-	21,208
Transactions with owners in their capacity as owners									
Contributions of equity, net of transaction costs and tax	157,370	-	-	-	-	-	157,370	-	157,370
Issue of shares as consideration for business combination	28,317	-	-	-	-	-	28,317	-	28,317
Issue of shares exercised through options	6,175	-	-	-	-	-	6,175	-	6,175
Share based payment expense recognised for the period	-	450	-	-	-	-	450	-	450
Transfer from option reserve	931	(931)	-	-	-	-	-	-	-
Payment of dividends	-	-	-	-	-	(11,818)	(11,818)	-	(11,818)
Sub-total	192,793	(481)	-	192	2,613	6,585	201,702	-	201,702
Balance at 31 December 2017	329,246	986	55	(919)	680	87,992	418,040	-	418,040
Balance at 1 July 2016	101,690	560	55	(1,154)	5,307	44,142	150,600	-	150,600
Profit for the year	-	-	-	-	(5,152)	35,481	30,329	-	30,329
Other comprehensive income for the year, net of income tax	-	-	-	265	797	-	1,062	-	1,062
Total comprehensive income for the year	-	-	-	265	(4,355)	35,481	31,391	-	31,391
Transactions with owners in their capacity as owners									
Contributions of equity, net of transaction costs and tax	30,257	-	-	-	-	-	30,257	-	30,257
Issue of shares exercised through options	1,840	-	-	-	-	-	1,840	-	1,840
Share based payment expense recognised for the period	-	1,104	-	-	-	-	1,104	-	1,104
Transfer from option reserve	156	(156)	-	-	-	-	-	-	-
Payment of dividends	-	-	-	-	-	(7,814)	(7,814)	-	(7,814)
Sub-total	32,253	948	-	265	(4,355)	27,667	56,779	-	56,779
Balance at 31 December 2016 (restated)	133,943	1,508	55	(889)	952	71,809	207,378	-	207,378

Notes to the consolidated financial statements are included on pages 13-22

Notes to the consolidated financial statements

For the half-year ended 31 December 2017

1 Basis of preparation of half-year report

This general purpose consolidated interim financial report for the half-year ended 31 December 2017 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 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, unless otherwise stated

Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, 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 Legislative Instrument.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

AASB 15 Revenue from contracts with customers

The Group will adopt the new standard on 1 July 2018. To date, management have made a preliminary assessment of the financial statement impact for its B2Cn business and note that the impact is not considered to be material. Further assessment will be carried out in the year to determine the full extent of the impact of AASB 15 on the business as a whole.

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 Prior period restatement

The accounting for the Thomas Cook arrangement was finalised after the release of the 31 December 2016 interim report. As a result, the comparatives for the half year ended 31 December 2017 have been restated accordingly to align with the accounting policies adopted in the 30 June 2017 consolidated financial report. The impact of the restatement is a reduction in revenue of \$5,311,000 from \$101,254,000 to \$95,943,000 and a reduction in amortisation charge of \$1,378,000 from \$4,735,000 to \$3,357,000 for the six-month period ended 31 December 2016.

3 Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also need to exercise judgement in applying the group's accounting policies.

(a) Significant judgements – revenue recognition

The Group has concluded that it acts as both principal and agent in providing online travel booking services. Refer to note 6 for disclosure of principal and agent revenues for the period.

The JacTravel business operates as principal for all its online travel booking services and presents revenues and cost of sales on a gross basis in the statement of consolidated income statement.

Following a review with the company's external advisors, changes were made to the contractual terms and conditions with its customer and supplier arrangements. As a result, Webjet Exclusives acts as agent for all new bookings made from 1 July 2017. In the current reporting period, Webjet Exclusives has also recognised revenue as principal from bookings made prior to these changes.

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4 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).

(b) Segment information provided to the Managing Director

The segment information provided to the Managing Director for the period ended 31 December 2017 and 31 December 2016 is set out in the tables below. Comparative information has been restated as set out in note 2 of this report. For details of the B2C one-off items refer to the 30 June 2017 consolidated financial report.

	Half- year ended							
	31-Dec-17			31-Dec-16				
	B2C Travel \$'000	B2B Travel \$'000	Total \$'000	B2C One-off items \$'000	B2C Travel (excl one-off) \$'000	B2C Travel Total \$'000	B2B Travel (restated) \$'000	Total (restated) \$'000
Revenues from external customers	80,473	272,109	352,582	(5,502)	83,614	78,112	17,831	95,943
Cost of providing travel services	(2,464)	(225,024)	(227,488)	-	(5,603)	(5,603)	-	(5,603)
Interest revenue	1	627	628	-	289	289	7	296
Depreciation, amortisation & impairments	(1,990)	(8,204)	(10,194)	(1,351)	(1,808)	(3,159)	(1,548)	(4,707)
Profit / (loss) before tax	24,085	2,740	26,825	17,540	22,169	39,709	(1,117)	38,592
Income tax (expense) / benefit	(7,268)	(1,154)	(8,422)	1,721	(4,832)	(3,111)	-	(3,111)
Profit / (loss) after tax	16,817	1,586	18,403	19,261	17,337	36,598	(1,117)	35,481

	Half- year ended					
	31-Dec-17			31-Dec-16		
	B2C Travel \$'000	B2B Travel \$'000	Total \$'000	B2C Travel \$'000	B2B Travel (restated) \$'000	Total (restated) \$'000
Total assets	248,596	710,818	959,414	295,650	91,151	386,801
Total liabilities	259,953	281,421	541,374	158,463	50,769	209,232

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.

**Webjet Limited
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4 Segment information

(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-17	31-Dec-16 (restated)	31-Dec-17	31-Dec-16 (restated)
	\$'000	\$'000	\$'000	\$'000
Australia	63,303	52,428	30,551	23,210
All other countries	289,279	43,515	561,416	121,607
	352,582	95,943	591,967	144,817

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

4 Acquisition of JacTravel

(a) Summary of acquisition

On 31 August 2017 the Group acquired 100% of the issued share capital of the following entities comprising the JacTravel Group:

Name of subsidiary	Country of incorporation
JacTravel Group (Holdings) Limited	UK
JacTravel Group Investments Limited	UK
JacTravel Group Financing Limited	UK
JacTravel Group Acquisitions Limited	UK
TotalStay Holdings Limited	UK
Exclusively Hotels Limited	UK
JAC Group (Holdings) Limited	UK
JacTravel Inc	USA
JacTravel Limited	UK
JAC Group of Companies Limited	UK
TotalStay Limited	UK
JacTravel China Limited	UK
JacTravel Tourism LLC	United Arab Emirates
Flame S.R.L.	Romania
JacTravel Scotland Limited	UK

JacTravel is a market leading European B2B travel business with approximately £400 million in annual total transaction value and approximately 10,000 directly contracted hotels. This transformational acquisition has made Webbeds the number two European and global player in the B2B hotels.

Goodwill has arisen from synergies expected to be achieved from the acquisition which include the integration of B2B technology, including JacTravel's IT platform, cost synergy benefits from combined IT, support / shared service centre and centralised procurement, revenue synergy benefits from increased purchase power, and a trained and assembled workforce which does not meet the definition of a separately identifiable intangible asset.

None of the goodwill is expected to be deducted for tax purposes. At 31 December 2017, the value of goodwill was \$264,530,000. The Group has not yet finalised the accounting for the acquisition of JacTravel, as such, provisional accounting in the determination of the fair value of assets and liabilities has been applied.

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5 Acquisition of JacTravel (continued)

(a) Summary of acquisition

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

JacTravel	Fair value 31-Aug-17 \$'000	Note
Cash and cash equivalents	26,238	
Trade & other receivables	88,113	
Other assets	27,477	
Current tax receivable	2,668	
Property, plant & equipment	1,700	
Intangible assets	162,703	11
Deferred tax asset	175	
Trade & other payables	(110,473)	
Other liabilities	(52,907)	
Provisions	(283)	
Deferred tax liability	(27,784)	
Net identifiable assets and liabilities	117,627	
Goodwill on acquisition	249,073	11
Net assets acquired	366,700	
	31-Aug-17 \$'000	
Purchase consideration comprises:		
Cash	338,382	
Share issue (i)	28,717	
Foreign exchange impact – Webjet shares	(399)	
Total purchase consideration	366,700	

(i) The acquisition was funded by the proceeds of a \$164 million accelerated non-renounceable entitlement offer issuing 16,402,747 shares at \$10.00 per share, \$100 million debt funding and \$74 million from existing cash reserves. In addition, 2,624,926 new Webjet shares were issued to continuing JacTravel management shareholders and the private equity vendor of JacTravel at an issue price of \$10.94 per share. Of the 16,402,747 shares raised through the entitlement offer, 9,314,703 ordinary shares were issued to institutional investors and 7,088,044 ordinary shares were issued to retail investors on the 14th August and 30th August 2017 respectively.

(b) Revenue and profit contribution

The acquired business contributed gross revenues of \$250,272,000 (inclusive of \$6,600,000 of intercompany sales) and net profit of \$1,895,000 to the group for the four-month period 1 September 2017 to 31 December 2017. If the business had been acquired on 1 July 2017; it would have contributed gross revenues of \$416,404,000 and net losses of \$7,774,000 which includes one-off non-operating costs of \$7,259,000 and foreign exchange losses of \$5,679,000. Excluding these non-recurring items, the business would have contributed net profit of \$5,165,000 for the 6-month period.

(c) Business acquisition costs

Total business acquisition costs incurred amounted to \$8,212,659. Costs associated with the equity raise undertaken to fund the acquisition have been treated as an equity issue cost and charged against equity. Consultancy costs, advisory fees and other acquisition-related costs of \$1,004,536 have been included in the profit or loss. Establishment fees and interest expense arising from the new financing arranged for the purchase of \$552,590 are included in the finance costs in the profit and loss statement.

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5 Acquisition of JacTravel (continued)

(d) Purchase consideration – cash outflow

Outflow of cash to acquire subsidiary:	31-Aug-17
	\$'000
Cash consideration	338,382
Transaction costs paid	8,174
<i>Less balances acquired:</i>	
Cash	(26,238)
Outflow of cash – investing activities	320,318

(e) Acquired receivables

Identifiable assets acquired include trade and other receivables with a fair value of \$88,113,000. Total gross contractual value of trade and other receivables is \$91,271,000 which excludes any provision for doubtful debt. All amounts are expected to be collected.

(f) Contingent liabilities

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

6 Revenue

	Half-year ended	
	31-Dec-17 \$'000	31-Dec-16 \$'000
Revenue transacting as agent	106,513	90,340
Revenue transacting as principal	246,069	5,603
	352,582	95,943

The Group acquired JacTravel during the period. Revenue recognised as principal is derived from the JacTravel and Webjet Exclusives businesses as disclosed in note 3.

7 Dividends paid

	Half-year ended		Half-year ended	
	31-Dec-17 Cents per share	31-Dec-17 \$'000	31-Dec-16 Cents per share	31-Dec-16 \$'000
Fully paid ordinary shares	10.00	11,818	7.50	7,814
Dividends paid				

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8 Equity

(a) Share capital

	Half-year ended		Year ended	
	31-Dec-17 No. of shares	31-Dec-17 \$'000	30-Jun-17 No. of shares	30-Jun-17 \$'000
Ordinary shares				
Ordinary shares – fully paid	118,473,901	329,246	98,110,166	136,453

(b) Movements in ordinary shares:

	Note	Half-year ended		Year ended	
		31-Dec-17 No. of shares (thousands)	31-Dec-17 \$'000	30-Jun-17 No. of shares (thousands)	30-Jun-17 \$'000
Details					
Opening balance		98,110	136,453	91,555	101,690
Transfer from share based payment reserve		-	931	-	226
Exercise of options – proceeds received	(i)	1,250	6,175	1,000	4,280
Rights issue	(ii)	16,403	164,027	5,544	31,046
Issue of shares for acquisition of JacTravel	(iii)	2,625	28,717	-	-
Issue of shares – Employee Share Plan Trust		86	-	11	-
Foreign exchange impact of shares issued for acquisition		-	(402)	-	-
Transaction costs arising on share issue		-	(6,655)	-	(789)
Closing balance		118,474	329,246	98,110	136,453

- (i) 500,000 and 750,000 options were exercised during the six-month period at an exercise price of \$4.64 and \$5.14 respectively.
- (ii) A total of 16,402,747 were issued to retail and institutional investors in relation to the rights issue offered to shareholders in August 2017.
- (iii) A total of 2,624,926 ordinary shares at value of \$10.94 per share were issued to the former shareholders of JacTravel Group as part of the consideration paid to acquire the business.

9 Share-based payments

(a) Options

(i) Options issued during the period

At the annual general meeting in November 2017, shareholders approved the issuance of 3,000,000 options to John Guscic. Subject to the vesting conditions below, the options granted will vest in three equal tranches of up to 1,000,000 options each as detailed below:

Tranche 1	Up to 1,000,000 options will vest on 30 September 2018 at an exercise price of up to \$12.50 per share
Tranche 2	Up to 1,000,000 options will vest on 30 September 2019 at an exercise price of up to \$14.00 per share
Tranche 3	Up to 1,000,000 options will vest on 30 September 2020 at an exercise price of up to \$16.00 per share

Mr Guscic must remain employed by the Company on the applicable vesting dates and the following performance hurdles will apply:

Webjet TSR Hurdle

Vesting of 50% of the options in each Tranche is conditional upon the Webjet TSR growth achieving the upper quartile of the median S&P ASX TSR Growth for the relevant year. If Webjet's TSR growth for the relevant year does not reach the TSR benchmark, the following will apply:

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9 Share-based payments (continued)

(a) Options (continued)

Webjet TSR Growth against benchmark	Percentage of Webjet TSR Hurdle options that will vest
Upper quartile (75%)	100%
Median to upper quartile (75%)	Sliding scale between 50% and 100%
Median	50%
Below median	0%

Webjet EBITDA Hurdle

Vesting of the other 50% of the options for each Tranche is conditional upon the Webjet EBITDA growth achieving 120% of the S&P ASX 200 average EBITDA growth rate for the relevant year. If Webjet's EBITDA growth for the relevant financial year does not reach the EBITDA benchmark, the following will apply:

Webjet EBITDA Growth as a % of EBITDA benchmark	Percentage of Webjet EBITDA growth hurdle options that will vest
100%	100%
100-90%	Sliding scale between 50% and 100%
90%	50%
<90%	0%

No options will vest in respect of the Webjet TSR or Webjet EBITDA hurdles if the respective benchmark for the relevant hurdle is negative.

(ii) Shares issued through exercise of options:

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

Options series	Number	Grant date	Expiry date	Exercise price [^]	Fair value at grant date	Vesting date	Vesting condition	Status at 31 December 2017
				\$	\$			
John Guscic – Tranche 1(c)	500,000	13/11/2013	30/06/2018	\$4.64	\$0.14	30/06/2015	Progressive - remain in employment	Exercised
John Guscic – Tranche 2(c)	750,000 250,000	13/11/2013	30/06/2019	\$5.14	\$0.16	30/06/2016	Progressive - remain in employment	Exercised Vested
John Guscic – Tranche 3(c)	1,000,000	13/11/2013	30/06/2020	\$5.64	\$0.21	30/06/2017	Progressive - remain in employment	Vested
John Guscic – Tranche 1(d)	1,000,000	22/11/2017	30/06/2021	\$12.50	\$0.78	30/09/2018	Tenure and Performance Hurdles (EBITDA & TSR)	Unvested
John Guscic – Tranche 2(d)	1,000,000	22/11/2017	30/06/2022	\$14.00	\$0.75	30/09/2019	Tenure and Performance Hurdles (EBITDA & TSR)	Unvested
John Guscic – Tranche 3(d)	1,000,000	22/11/2017	30/06/2023	\$16.00	\$0.66	30/09/2020	Tenure and Performance Hurdles (EBITDA & TSR)	Unvested

[^] The exercise price for Tranches 1-3(c) reflect the adjusted exercise price at the date of this report as a result of previous rights issues.

500,000 options under Tranche (1c) were exercised on the 7 August 2017 at an exercise price of \$4.64. The share price at the date of exercise was \$11.91. The value of options exercised by Mr. Guscic was \$2,320,000.

250,000 options under Tranche 2(c) were exercised on 11 August 2017 at an exercise price of \$5.14. The share price at the date of exercise was \$11.31. The value of the options exercised by Mr. Guscic was \$1,285,000.

500,000 options under Tranche 2(c) were exercised on 29 November 2017 at an exercise price of \$5.14. The share price at the date of exercise was \$9.60. The value of the options exercised by Mr. Guscic was \$2,570,000.

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

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9 Share-based payments (continued)

(b) KMP performance rights

On 1 November 2017, a total of 150,334 performance rights were issued to senior KMP under the Employee Share Plan Trust. The fair value at grant date is estimated using a valuation model, taking into account the terms and conditions upon which the performance rights were granted. The fair value of the performance rights granted during the six months ended 31 December 2017 was estimated on the grant date using the following assumptions:

Key assumptions

Vesting basis	Tenure & performance
Performance hurdle vesting assumption	Met / not met
Performance hurdle 1	3-year TSR
Performance hurdle 2	3-year EBITDA
Pricing model	Monte Carlo
Exercise price	Nil
Dividend yield (%)	0
Risk-free interest rate (%)	1.99
Expected volatility (%)	30
Expected life of performance rights (years)	2.91
Fair value per share (\$)	4.90 TSR / 10.76 EBITDA

For the six months ended 31 December 2017, the Group has recognised \$450,301 of share-based payment expense in the statement of profit and loss (31 December 2016: \$1,103,909).

10 Trade and other receivables

	31 Dec 17 \$'000	30 Jun 2017 \$'000
Current assets		
Trade receivables	218,192	120,319
Provision for doubtful debts	(5,925)	(2,947)
	212,267	117,372

The increase in trade and other receivables is due to the acquisition of JacTravel during the period.

11 Intangible assets

	Note	Total \$'000
Gross carrying amount		
Balance at 1 July 2017		156,658
Additions		8,981
Additions through acquisition	(a)	411,776
Foreign exchange		22,697
Balance at 31 December 2017		600,112
Accumulated amortisation		
Balance at 1 July 2017		(17,230)
Amortisation expense		(8,324)
Foreign exchange		(303)
Balance at 31 December 2017		(25,857)
Carrying amount		
As at 30 June 2017		139,428
As at 31 December 2017		574,255

(a) Additions through the JacTravel acquisition include capitalised software \$58,573,000, brand names \$9,437,000, customer relationships \$41,489,000, supplier contracts \$53,204,000 and goodwill \$249,073,000. Further details of the acquisition are detailed in note 5 of this report.

12 Trade and other payables

	31 Dec 17 \$'000	30 Jun 2017 \$'000
Current liabilities		
Trade payables	224,473	153,528
Other payables	44,874	31,065
	269,347	184,593

The increase in trade and other payables is due to the acquisition of JacTravel during the period.

13 Other liabilities

	31 Dec 17 \$'000	30 Jun 2017 \$'000
Current liabilities		
Deferred revenue	52,936	22,645
Lease incentive liability	61	129
	52,997	22,774

Deferred revenue relates to revenue from travel bookings that is deferred on the balance sheet until travel has occurred and revenue can be recognised. The increase in the current year is due to the acquisition of JacTravel during the period.

14 Borrowings

	31 December 2017			30 June 2017		
	Current \$'000	Non- Current \$'000	Total \$'000	Current \$'000	Non-Current \$'000	Total \$'000
Bank loans	57,716	106,428	164,144	13,170	36,300	49,470
Total borrowings	57,716	106,428	164,144	13,170	36,300	49,470

During the current period, the Group opened 10,000,000 EUR in overdraft banking facilities across multiple currencies including EUR, GBP, USD and AED. In addition, the Group established a £4,000,000 (A\$6,912,039) short-term overdraft facility which has been fully drawn at 31 December 2017.

In August 2017, the group entered into three 5-year unsecured loans amounting to total A\$100,000,000, provided by NAB, HSBC and ANZ. The proceeds of these loans were to fund the acquisition of JacTravel Group. These loans bear interest at variable market rates and have quarterly principle and interest repayments. Current portion of borrowings represents the next four scheduled principal repayments amounting to A\$20,000,000. The loans are carried at amortised cost.

On 9 September 2016, the Group entered into a 5-year unsecured loan amounting to USD \$27,554,100. The proceeds of the loan were used to fund the acquisition of direct hotel contracts under the Thomas Cook Agreement. In December 2017, the loan was converted to EUR of which the USD balance was repaid in full and an equivalent EUR amount was drawn. The amount outstanding as at 31 December 2017 was EUR \$17,686,680. Current portion of the borrowings represents the next two scheduled repayments of EUR \$2,139,437 each due 20 June 2018 and 20 December 2018.

In 2016 the Group obtained a USD \$10,000,000 unsecured working capital facility with HSBC of which as at 31 December 2017 an amount of AUD equivalent \$12,096,098 has been drawn down by the B2B business (30 June 2017: AUD equivalent \$3,251,700). The currency of the facility changed to EUR during the half year period.

In 2014, the Group obtained an unsecured long-term bank loan amounting to A\$27,150,000. The loan bears interest at variable market rates and is carried at amortised cost. The proceeds from the loan were used to fund the Sunhotels acquisition. There are bi-annually scheduled repayments of A\$2,000,000 due on 13 January 2018 and 15 July 2018.

15 Contingent assets and liabilities

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

16 Subsequent events

The directors declared an interim dividend of \$0.08 cents per share fully franked totalling \$9.5 million to be paid to shareholders on 18 April 2018.

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 2017 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



Roger Sharp
Chairman

Date: 21 February 2018

The Board of Directors
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21 February 2018

Dear Board Members

Webjet Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Webjet Limited.

As lead audit partner for the review of the financial statements of Webjet Limited for the half year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Stephen Roche
Partner
Chartered Accountants

Independent Auditor's Review Report to the Members of Webjet Limited

We have reviewed the accompanying half year financial report of Webjet Limited, which comprises the consolidated balance sheet as at 31 December 2017, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half year or from time to time during the half year as set out on pages 8 to 23.

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 Webjet Limited's financial position as at 31 December 2017 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.

Auditor's Independence Declaration

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 2017 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Stephen Roche
Partner
Chartered Accountants
Melbourne, 21 February 2018