Webjet Limited

ABN 68 002 013 612

Annual report
for the year ended 30 June 2017

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Annual report - 30 June 2017

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Directors	Roger Sharp Independent Non-Executive Director and Chairman from 21 June 2017 John Guscic Managing Director Don Clarke Independent Non-Executive Director Brad Holman Independent Non-Executive Director Shelley Roberts Independent Non-Executive Director Rajiv Ramanathan (appointed 1 July 2017) Independent Non-Executive David Clarke (resigned 21 June 2017) Chairman and Independent Non-Executive Director until 21 June 2017 Steven Scheuer (resigned 23 November 2016) Non-Executive Director
Secretary	Michael Sheehy
Principal registered office in Australia	Level 2, 509 St Kilda Road Melbourne Victoria 3004 Australia (03) 9820 9214
Share register	Computershare Investor Services Pty Ltd Level 5, 115 Grenfell Street Adelaide South Australia 5000 (08) 8236 2300
Auditor	BDO Audit (SA) Pty Ltd Level 7, BDO Centre 420 King William Street Adelaide South Australia 5000
Solicitors	Minter Ellison 525 Collins Street Melbourne Victoria 3000 DLA Piper 140 Williams Street Melbourne VIC 3000
Bankers	National Australia Bank Level 30, 500 Bourke Street Melbourne Victoria 3000 HSBC Level 10, 333 Collins Street Melbourne Victoria 3000 ANZ Level 3, 100 Queen Street Melbourne Victoria 3000
Investor website	www.webjetlimited.com

Dear Shareholder

FY 2017 was a milestone year for Webjet Limited, with strong organic growth in bookings, revenues and profit, the integration of Online Republic, the sale of Zuji and board succession. Since balance date, the Company has agreed to acquire JacTravel for A$330 million, positioning its WebBeds division as the No.2 global B2B hotels business.

FINANCIAL METRICS

Total transaction value (TTV) on continuing operations increased by 35.7% to $1,950 million over the prior corresponding period, revenue increased by 37.2% to $188.8 million, EBITDA before one-off gains increased by 40.3% to $51.0 million, net profit after tax increased by 58.0% to $33.1 million and EPS increased by 29.8%.

Our customers' activity tells the story succinctly: three-year CAGR in organic travel bookings is 26% across the business and 36% after acquisitions.

In FY 2017, the Company's investments in building its WebBeds B2B hotels business started to bear fruit, delivering bookings growth of 49.4%. The balance between B2C and B2B will change materially in FY 2018 following the acquisition of JacTravel.

BUSINESS-TO-CONSUMER

Webjet's OTA business delivered an impressive performance with domestic and international flight bookings growing more than 6 times the market rate in Australia.

Online Republic, now fully integrated, delivered robust bookings growth and has provided car hire to the Webjet OTA since January 2017.

The sale of Zuji in Singapore and Hong Kong in December 2016 generated a capital profit of $28.0 million, allowing us to focus on higher growth B2B opportunities in the Asian market.

WEBBEDS - BUSINESS-TO-BUSINESS

Lots of Hotels continues to gain market share in the Middle East, and strong traction is now coming through in key North American markets. Bookings growth in FY 2017 was 70.4%.

Sunhotels continues to grow across new markets in Europe with FY 2017 bookings growth of 22.5%. The strategic sourcing partnership with Thomas Cook announced in August 2016 will provide significant TTV and revenue growth opportunities from FY 2020.

WebBeds' Asian start-up, Fit Ruums is already at a $90 million TTV run rate since its launch in November 2016.

The transformational acquisition of JacTravel announced in July 2017 will make WebBeds the No. 2 European and global player in B2B hotels.

SINCE BALANCE DATE

In August 2017, the Company concluded a successful 1-for-6 accelerated, non-renounceable entitlement offer to raise A$164 million from its retail and institutional shareholders to part-fund the acquisition of JacTravel. Directors are delighted with the strong support received from Webjet's shareholders.

TRANSITION TO ASX 200

Your company has transitioned from a small cap to an ASX 200 company in just two years. This transition requires careful change management to ensure that the systems, people and disciplines are in place, reflective of the Company's new peer group.

A range of such policies and procedures have been, or are in the process of being implemented. One such program is Webjet's Corporate and Social Responsibility charter, which will be implemented during FY 2018.

BOARD SUCCESSION

Your company has continued to refresh its board of directors with the appointment of Rajiv Ramanathan as a Non-Executive Director and the retirement of former Chairman, David Clarke, and Non-Executive Director Steven Scheuer.

Directors wish to acknowledge the significant contribution of your company's founder, former CEO and Chairman, David Clarke. After more than 17 years of relentless focus and conviction, David built a significant business which we have the honour to take forward. On behalf of all Directors and shareholders, a sincere thanks to David for his extraordinary leadership.

FINAL DIVIDEND

We have increased our final dividend to 10 cps (payable on 12 October 2017) due to the strong improvement in core earnings in FY 2017 and the earnings outlook for FY 2018.

Finally, our thanks to the Webjet team for a very strong performance in FY 2017. The foundations have been laid for continuing growth.

Yours sincerely,

Roger Sharp
Chairman

Directors' Report

Your Directors present their report on the Consolidated Entity consisting of Webjet Limited and the entities it controlled at the end of, or during, the year ended 30 June 2017.

For the purposes of this Directors' report, the terms "Company" and "Webjet" refer to Webjet Limited and "Group" and "Consolidated Entity" refers to Webjet Limited and its consolidated entities.

The Board currently comprises six Directors, including five Non-Executive Directors. The Directors are:

(i) Roger Sharp - Chairman (Age 56)
(ii) John Guscic - Managing Director (Age: 53)
(iii) Don Clarke - Independent Non-Executive Director (Age: 63)
(iv) Brad Holman - Independent Non-Executive Director (Age: 55)
(v) Shelley Roberts - Independent Non-Executive Director (Age: 42)
(vi) Rajiv Ramanathan - Independent Non-Executive Director (Age: 48)

Directors
Roger Sharp
BA LLB
(Non-Executive Chairman, Member of Risk Committee, Member of the Audit Committee until 21 June 2017)
Roger has more than 30 years' experience investing in, financing and running growth companies in global markets. He was formerly CEO of ABN AMRO Asia Pacific Securities and Global Head of Technology for ABN AMRO Bank, and subsequently served as Chairman of travel.com.au Limited (ASX: TVL) until its sale. He is currently Chairman of Asia Pacific Digital Limited (ASX: DIG) and GeoOp Limited (NZAX: GEO). Appointed 1st January 2013.

John Guscic
BEc, Executive MBA
(Managing Director)
John was appointed Webjet's Managing Director in February 2011 after serving on the Webjet board since 2006. Prior to Webjet, John was Chief Commercial Officer, GTA based in London (2007-2010) and Managing Director, Asia-Pacific based in Tokyo (2006-2007). Before that, John held various senior roles with the Travelport Business Group including Managing Director, Pacific region and Managing Director, Galileo South Pacific. Appointed 25th January 2006.

Don Clarke
LLB (Hons)
(Independent Non-Executive Director and Deputy Chairman, Chairman of Risk and Remuneration Committees)
Don is a lawyer and company director. In addition to being a consultant to the law firm, Minter Ellison (having retired on 30 June 2015 after 27 years as a corporate partner of the firm), Don is a director of the listed companies, Zoono Group Limited and Contango Income Generator Limited, and two other unlisted public companies. He has extensive commercial law and business experience from over 30 years advising ASX listed and private companies. Appointed 10th January 2008.

Brad Holman
BCom
(Senior Independent Non-Executive Director, Chairman of Audit Committee and Member of Remuneration Committee)
Brad has over 20 years' experience working in and providing services to the travel industry, including President for Travelport's Asia Pacific, Europe, Middle East and African Operations. Brad more recently was the President for International Markets for Blackbaud a NASDAQ listed software and services company specifically focussed on serving the non-profit community. He was responsible for developing and leading the company's international business strategy and new market entry. Brad left Blackbaud in November 2015 after serving five years in the role. Appointed 19th March 2014.

Shelley Roberts
B.Bus Sci, ACA, GAICD
(Independent Non-Executive Director, Member of Audit and Remuneration Committees)
Shelley Roberts has extensive commercial and operational experience in the travel sector through prior management roles at Tiger Airways Australia, easyJet, Macquarie Airports, Sydney Airport and her present role as the Managing Director at Compass Group. Shelley's appointment as a Non-Executive Director has enhanced the diversity and finance, accounting and operational management experience of the Board. Appointed 30th April 2016.

Rajiv Ramanathan
MBA, MSc, BSc
(Independent Non-Executive Director, Member of Audit Committee)
Rajiv has 20 years of experience in industries spanning payments, enterprise software, and management consulting. Based in Singapore, Rajiv is Group Country Manager, Regional South East Asia, with Visa Inc. Prior to Visa, he held roles at Ariba (an SAP company) and has also worked as a consultant at the Boston Consulting Group. Rajiv has worked extensively in markets across Asia, Africa, North and South America. Appointed 1st July 2017.

Directors (continued)

During the year, both David Clarke and Steven Scheuer retired from the board.

David Clarke
(Independent Non-Executive Chairman, Member of the Risk Committee and Remuneration Committee until 21 June 2017)
David held senior management positions with the Jetset Travel business from 1977 to 1995. He is regarded as pioneering the introduction of wholesale packaging through distribution access in Australia and overseas, the development of an integrated franchise structure and one of the highest ranking travel brands in Australia in the 1990's. David was Managing Director of Webjet from 1999 to January 2011. Retired 21st June 2017.

Steven Scheuer
BBus (Acc), CPA
(Non-Executive Director, Member of Audit Committee until 23 November 2016)
After spending a number of years in public accounting practice, Steven established his own manufacturing and importing business using strong and well known clothing brand labels throughout Australia and New Zealand. Steven retired as a Director of Webjet at the conclusion of the 2016 AGM. Retired 23rd November 2016.

Principal activities

The principal activity of the Consolidated Entity is the provision of online travel bookings. The Consolidated Entity's business consists of a B2C division and WebBeds, its B2B division.

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 and digital marketing consultancy.

In December 2016, the Company sold the Zuji business to Uriel Aviation Holdings Limited, a Hong Kong based travel technology group. Acquired in March 2013 to provide regional expansion within the OTA space, Zuji is a leading online travel agency in Hong Kong and Singapore, with operations in Australia.

WebBeds (business to business operations)

The WebBeds B2B Travel business sells hotels rooms to travel agent partners via the online channel. The aim is to provide a simplified business-to-business solution that places the broadest range of hotel rooms on sale worldwide into the hands of our partners, promptly, every day. Our customers include travel agents, OTAs, wholesalers and tour operators. Our B2B Travel business currently operates the Lots of Hotels, Sunhotels and FIT Ruums businesses.

- **Lots of Hotels** - The B2B WebBeds business was launched in February 2013 with the establishment of Lots of Hotels based in Dubai. 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. The Lots of Hotels supply model ensures clients find the best year-round rates and availability whenever and wherever they travel. Lots of Hotels North America was launched in November 2015. Lots of Hotels currently operates in 45 markets.
- **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, Middle East, North America, the Caribbean and Thailand, with a strong position in Mediterranean beach destinations, selling into travel trade clients in the major markets of Nordic Countries, UK, Spain, Italy and Germany. In August 2016, Sunhotels announced a strategic sourcing partnership agreement with Thomas Cook International AG (Thomas Cook), one of Europe's leading holiday companies. The agreement will see Sunhotels take responsibility for the majority of the volume of Thomas Cook's complementary hotel business.
- **FIT Ruums** - Launched in November 2016, FIT Ruums focuses on B2B travel distribution for worldwide hotel accommodation and transfers in Asia. FIT Ruums is also dedicated to driving 360-degree business partnerships, National Tourism Organizations, strengthening the efficiency of travel technology and rewarding its suppliers and clients with a more user-friendly business solution. FIT Ruums offices are now open in China, Hong Kong, India, Indonesia, Japan, Malaysia, Singapore, South Korea, Taiwan and Thailand.

Significant change in state of affairs

In August 2016, the Company entered into a strategic sourcing partnership agreement with Thomas Cook, one of Europe's leading holiday companies which included the acquisition of around 3,000 direct hotel contracts. This increased the number of WebBeds direct hotel contracts to around 10,000. The agreement will see Sunhotels take responsibility for the majority of the volume of Thomas Cook's complementary hotel business. Sunhotels will also be responsible for managing an improved health and safety audit process, ensuring greater certainty and consistency in the quality of the customer offering. Under the terms of the agreement, The Company paid Thomas Cook £21 million for entering into the supply agreement, the transfer of hotel contracts to Webjet and implementation costs of the deal. During the transition period in which Thomas Cook restructures its back end processes and integrates its systems with Sunhotels (expected to be around 2 ½ years), Sunhotels is entitled to charge a fixed management and access fee for providing Thomas Cook, on a preferred supplier basis, a continuous supply of inventory from its directly contracted and third party provided hotels.

In November 2016, Webjet entered into a sale agreement to sell its Zuji Hong Kong and Singapore businesses (Zuji) for $56.0 million to Reckon Holdings Limited and Sharp Focus Pacific Limited, subsidiaries of Uriel Aviation Holding Limited, a Hong Kong based travel technology group. The deal completed in December 2016.

In November 2016, the Company launched FIT Ruums, its entry strategy into the Asian B2B market. Also in November, FIT Ruums announced a trading partnership with DIDA Travel Technology, the largest travel aggregator in China.

Subsequent events

On 2 August 2017 Webjet announced the acquisition of JacTravel, a market leading European B2B travel business. The acquisition will make WebBeds the #2 B2B player globally and the #2 B2B player in the important European market.

The acquisition price of £200 million represented 10.5x adjusted FY17 EBITDA and is estimated to be around 35% EPS accretive in FY2017 on a pro-forma basis.

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 $45 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. This placement represented around 9% of the purchase price and approximately 2% of Webjet's issued capital. At the end of the placement, the number of shares on issue to be approximately 118.3 million.

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.

In August 2017, the Group borrowed $100 million split equally across three banks to fund the acquisition of JacTravel. The term of each loan is 5 years, with scheduled quarterly repayments. At the same time, the Group also entered into EUR/AUD cross currency swaps with each of the banks to fix the EUR rate.

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

Technical Accounting Disagreement

On 28 July 2017 Webjet advised the ASX of a disagreement with its auditor, BDO Audit (SA) Pty Ltd (BDO) relating to the accounting treatment of its Provision of Services Agreement with Thomas Cook. BDO's recommended accounting treatment was to treat the £21 million payment from Webjet to Thomas Cook as an interest free loan and the subsequent five fixed-fee management and access fee payments payable by Thomas Cook to Webjet over 2½ years as loan repayments. The Webjet Board, supported by its advisors, initially disagreed with BDO's recommended accounting treatment on the basis that:

- The 3,000 hotel contracts purchased from Thomas Cook are an asset, which will generate cash from its customers for the foreseeable future. This asset has been independently valued at more than £21 million.
- The Provision of Services Agreement requires Webjet to provide Thomas Cook with inventory access through a comprehensive systems integration, customer operations, customer service and hotel inspections.
- The fixed-fee management and access fee payments received from Thomas Cook during the 2 ½ year transition period represent a discounted inventory access fee. During the transitional period, Thomas Cook is entitled to purchase hotel room inventory from WebBeds approximately 7,000 direct hotel contracts and various third-party suppliers at zero mark-up.
- After the transition period, Thomas Cook will be charged a mark-up on each hotel room purchased from the Company.

During finalisation of the audit process, which included discussions with ASIC, Webjet decided to adopt the accounting treatment proposed by BDO.

As a result, the fixed management fee received by Sunhotels during the transition period has not been recorded as revenue. In addition, the costs incurred by Sunhotels in preparation for taking over the majority of Thomas Cook's complimentary hotel business volume have been expensed during the year.

Review of operations

The table below sets out the financial performance of the Consolidated Entity for the 12 months to 30 June 2017 and compares it with the prior comparative period (PCP). The table shows both reported results as well as those for the continuing operations (which excludes Zuji and one off items).

Result Summary

For the year ended 30 June 2017

	Statutory Result				Continuing Operations (2)			
	FY17	FY16	Incr / (Decr)		FY17	FY16	Incr / (Decr)	
	$m	$m	$m	%	$m	$m	$m	%
TTV	2,043	1,630	413	25.3%	1,950	1,437	513	35.7%
Revenue & other income *	218.7	154.5	64.2	41.5%	188.8	137.6	51.2	37.2%
Revenue as Principal	16.2	0.0	16.2	n/a	16.2	0.0	16.2	n/a
Total Revenue	234.9	154.5	80.3	52.0%	204.9	137.6	67.3	48.9%
EBITDA	69.9	36.6	33.2	90.7%	51.0	36.3	14.6	40.3%
EBIT	61.7	30.6	31.0	101.4%	44.1	30.3	13.8	45.4%
PBT	61.6	30.1	31.5	104.6%	44.0	29.8	14.2	47.6%
NPAT	52.4	21.3	31.2	146.6%	33.1	21.0	12.2	58.0%
EPS (cents)								
- Basic	53.8	26.2	27.6	105.5%	34.0	26.2	7.8	29.8%
- Diluted	52.9	25.8	27.1	105.1%	33.4	25.8	7.6	29.6%
Margins (1)								
Revenue Margin	10.7%	9.5%	12.9%		9.7%	9.6%	1.1%	
EBITDA Margin	32.0%	23.7%	34.8%		27.0%	26.4%	2.2%	
Marketing % TTV	1.7%	1.8%	(7.5%)		1.5%	1.8%	(16.1%)	
Marketing % Revenue	14.5%	19.0%	(23.8%)		14.7%	19.2%	(23.5%)	
Effective Tax Rate	14.9%	29.4%	(49.3%)		24.8%	29.7%	(16.7%)	

* Other income includes gain on disposal of Zuji of $28 million

(1) For comparative purposes, the Revenue Margin and Marketing % Revenue figures exclude revenue attributable to Webjet Exclusives acting as principal.

(2) Continuing operations excludes Zuji, and one off adjustments including proceeds from the sale of Zuji, change in accounting treatment for Webjet Exclusives now acting as Principal, termination of car hire contract, performance rights and related incentives. Refer to non-IFRS information section of this report for details of reconciling items between continuing operations and statutory results.

Reported total transaction value (TTV) was $2,043 million, up 25.3% compared to the PCP. TTV for the continuing operations was $1,950 million, up 35.7% on PCP. By business segment, B2C TTV increased by $377 million and B2B TTV increased by $137 million, representing growth of 34.5% and 39.5% over the PCP respectively.

Reported revenue was $234.9 million, an increase of 52.0% over the PCP. One-off income items included in this result were a $28.0 million gain from the sale of Zuji; a $5.5 million reduction in gross margin (from a revenue recognition change associated with Webjet Exclusives changing its contracting arrangements with suppliers from acting as an agent to organising tours as a principal); and $7.4 million revenue from the discontinued Zuji businesses. Excluding these one-off items, revenue for the continuing operations increased by 48.9% to $204.9 million. Total revenue for both reported and continuing operations includes $16.2 million for the grossing up of Webjet Exclusives revenue as a result of the change from acting as agent to principal.

Revenue margin (as a percentage of TTV) for the continuing operations (excluding revenue attributable to Webjet Exclusives acting as principal and one off items), was 9.7%, an increase of 1.1% compared to the PCP (FY16: 9.6%). By business segment, B2C revenue from external customers was $151.2 million, an increase of 41.8% over the PCP (FY16: $106.6 million) with a Revenue/TTV margin of 10.3% (FY16: 9.8%). B2B revenue from external customers was $37.6 million, an increase of 21.3% (FY16: $31.0 million) with a Revenue/TTV margin of 7.8% (FY16: 9.0%). The reduction in Revenue/TTV margin for the B2B segment reflects the start-up of FIT Ruums and expansion of LOH into the Americas.

Review of operations (continued)

Reported operating costs were $165.0 million, a 39.9% increase over the PCP. These costs include cost-of-sale costs associated with Webjet Exclusives acting as principal, one-off costs of $3.6 million associated with the granting of non-recurring performance rights to key management personal and the early termination of Webjet’s existing car hire supplier agreement, as well as $7.4 million of operating costs relating to the discontinued Zuji businesses. A new car hire agreement with Online Republic provides an immediate synergistic benefit of higher commissions and, taking into consideration the early termination costs of the existing supplier agreement, has an expected 18-month payback period.

For the continuing operations, excluding one off costs and costs of providing travel services associated with Webjet Exclusives acting as principal, operating costs increased 36.1% to $137.8 million. On the same basis, B2C costs increased by 37.0% to $93.0 million (FY16: $67.9 million) and B2B costs increased by 35%% to $37.3 million (FY16: $27.6 million). B2B costs included $3.8 million investment in the start-up of Fit Ruums. Corporate costs were $7.5 million, up 30.3% over the PCP (FY16: $5.8 million).

During the year, the number of one off items impacting EBITDA totalled $18.9 million. These included the $28.0 million gain on sale of Zuji, $5.5 million reduction associated with the revenue recognition change for Webjet Exclusives, and $3.6 million associated with the granting of non-recurring performance rights to key management personal and the early termination of Webjet’s existing car hire supplier agreement. In addition to these items, a $1.3 million write down of an investment in the USA impacted NPAT.

Reported EBITDA was $69.9 million, a 90.7% increase over the PCP (FY16 $36.6 million). Excluding the one-off items, EBITDA for the continuing operations was $51.0 million, an increase of 40.3% over the PCP. Excluding one off items and before corporate costs, EBITDA for the B2C division increased by 50.3% to $58.1 million (FY16 $38.7 million) and B2B EBITDA decreased by 89.7% to $0.4 million (FY16: $3.4 million) reflecting the impact of the accounting treatment for the Thomas Cook transaction.

Reported depreciation and amortisation (D&A) increased by $2.2 million to $8.2 million (FY16: $6.0 million). This included a one-off $1.3 million write down of an investment in the USA. B2C D&A increased by $0.6 million to $3.8 million and B2B D&A increased by $0.2 million to $3.1 million.

Financing costs, which included interest and fees associated with a new five year $36 million loan funding facility for the Thomas Cook agreement were $3.4 million (FY16 $1.3 million).

Reported profit before tax was $61.6 million, an increase of 104.6% over the PCP. Excluding the $17.6 million one off items, profit before tax for continuing operations increased by 47.6% to $44.0 million (FY16: $29.8 million).

Reported tax expense for the period was $9.2 million, $0.3 million higher than the PCP. The tax expense was reduced by the impact of the Webjet Exclusives $5.5 million one off revenue recognition adjustment. No tax was payable on the capital gain arising from the sale of Zuji. Excluding one off items, the tax expense was $10.9 million.

Reported net profit after tax (NPAT) increased 146.6% to $52.4 million (FY16: $21.3 million). For the continuing operations, NPAT increased 58.0% to $33.1 million (FY16: $21.0 million).

Working capital and cash

Trade and other receivables increased by $40.0 million to $120.8 million, and Trade and other payables increased by $38.5 million to $184.6 million. Cash and equivalents increased $61.9 million to $178.1 million (FY16: $116.2 million). Adjusting for movements in Client Funds (FY17: $21.2 million; FY16: $21.6 million) and adding back tax and interest the business generated $46.8 million from its operating activities (FY16 $55.5 million). Cash conversion measured by operating cash flow (adjusted cash from operating activities before interest and tax) divided by EBITDA was 92% (FY16 153%).

In July 2016, the $27.2 million balance of funds from the retail component of the 6 June 2016 non-renounceable entitlement issue relating to the acquisition of Online Republic was received and used to repay the $31.5 million short-term funding arrangement. In August 2016, external debt was used to fund the £21 million ($36 million) Thomas Cook hotel contracts acquisition. In January 2017, Webjet received $47 million from the sale of Zuji. In aggregate, external borrowings during the year decreased by $6.0 million to $49.5 million.

Earnings and dividends

Reported earnings per share increased from 26.2 cents to 53.8 cents, a 105.5% increase over PCP. Earnings per share generated from the continuing operations increased by 29.8% to 34.0 cents (FY16: 26.2 cents).

An interim dividend for the year ended 30 June 2017 of $0.075 per share fully franked totalling $7.3 million was paid on 14 April 2017, an increase of $2.1 million compared to the PCP. A final fully franked dividend of $0.10 per share (a 25% increase on FY16’s final dividend of $0.08) totalling $11.8 million has been declared by the directors for payment on 13 October 2017. The total $0.175 per share dividend totalling $19.1 million represents a $6.1 million increase (46%) over the PCP.

Final dividend for the prior year 30 June 2016 of $0.08 per fully paid share was paid on 13 October 2016 amounting to $7.8 million.

Non-IFRS information

Reconciliation of Revenue - Table A

	30 June 2017 $'000	30 June 2016 $'000
Reconciliation of Continuing Operations to Statutory Revenue		
Continuing operations - revenue & other income	**188,796**	137,604
Revenue & other income from subsidiaries disposed of during FY17	**7,396**	16,946
Gain on sale of Zuji	**28,039**	-
Exclusives change in revenue recognition	**(5,504)**	-
Statutory revenue & other income	**218,727**	154,550

As required by Regulatory Guide 230, the following tables below present reconciliations of non-IFRS information in relation to the Continuing Operations as reported in the Review of Operations section of the Directors' Report.

Reconciliation of EBITDA - Table B

	30 June 2017 $'000	30 June 2016 $'000
Reconciliation of Continuing Operations to Statutory Result		
Continuing EBITDA	**50,974**	36,335
Gain on disposal of subsidiary	**28,039**	-
Exclusives change in revenue recognition	**(5,504)**	-
Early termination of supplier agreement	**(1,400)**	-
Non-recurring incentives	**(944)**	-
Non-recurring performance rights to KMP	**(863)**	-
Sundry items	**(400)**	-
Trading result from disposed subsidiaries in FY17	**(26)**	302
Statutory EBITDA	**69,876**	36,637

Reconciliation of EBIT - Table C

	30 June 2017 $'000	30 June 2016 $'000
Reconciliation of Continuing EBIT to Statutory		
Continuing EBIT	**44,076**	30,311
EBITDA items as per Table B above	**18,902**	302
Impairment of US operations	**(1,325)**	-
Statutory EBIT	**61,653**	30,613

Reconciliation of EBIT - Table D

	30 June 2017 $'000	30 June 2016 $'000
Reconciliation of Continuing NPAT to Statutory		
Continuing operations - profit after tax	**33,124**	20,955
Tax benefit / (expense) on non-recurring items	**1,721**	-
EBITDA items as per Table B above	**18,902**	302
Impairment items as per Table C above	**(1,325)**	-
Statutory Profit After Tax	**52,422**	21,257

Likely developments and expected results of operations

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.

Environmental regulation

The Consolidated Entity is not affected by any significant environmental regulation in respect of its operations.

Company secretary

The Company secretary is Michael Sheehy BeC, ACA. Michael was appointed to the position of Company secretary on 26 November 2013.

Meetings of directors

The numbers of meetings of the Company's board of Directors and of each board committee held during the year ended 30 June 2017, and the numbers of meetings attended by each Director were:

	Director's meetings		Meetings of committees					
			Audit		Remuneration		Risk management	
	A	B	A	B	A	B	A	B
Roger Sharp	10	10	3	3				
John Guscic	10	10						
Don Clarke	10	10	2	2	2	2	7	7
Brad Holman	9	10	2	3	2	2		
Shelley Roberts	10	10	3	3				
Rajiv Ramanathan								
David Clarke	10	10			2	2	7	7
Steven Scheuer	5	5	1	1				

A = Number of meetings attended
B = Number of meetings held during the time the Director held office or was a member of the committee during the year

Shares, options and performance rights

(a) Ordinary shares

The number of ordinary shares held by the Directors at the date of this report is set out in the table below:

	Balance at 30 June 2017 No.	Granted as compensation No.	Received on exercise of options No.	Acquisition / (disposal) of shares No.	Balance at date of Directors report No.
2017					
John Guscic	2,206,145	-	750,000	367,691	3,323,836
Don Clarke	23,200	-	-	3,867	27,067
Roger Sharp	104,400	-	-	17,400	121,800
Brad Holman	30,520	-	-	5,087	35,607
Shelley Roberts	2,500	-	-	417	2,917
Rajiv Ramanathan	-	-	-	-	-

Shares, options and performance rights (continued)

(b) Shares issued on the exercise of options

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

Option series	Number	Grant date	Expiry date	Exercise price^	Fair value at grant date
John Guscic - Tranche 1(a)	500,000	19/10/2011	30/06/2015	$2.60	$0.22
John Guscic - Tranche 1(b)	500,000	19/10/2011	30/06/2015	$2.60	$0.22
John Guscic - Tranche 2(a)	500,000	19/10/2011	30/06/2016	$3.10	$0.20
John Guscic - Tranche 2(b)	500,000	19/10/2011	30/06/2016	$2.98	$0.20
John Guscic - Tranche 3(a)	500,000	19/10/2011	30/06/2017	$3.80	$0.22
John Guscic - Tranche 3(b)	500,000	19/10/2011	30/06/2017	$3.68	$0.22
John Guscic - Tranche 1(c)	500,000	13/11/2013	30/06/2018	$4.88	$0.14
John Guscic - Tranche 1(c)	500,000	13/11/2013	30/06/2018	$4.64	$0.14
John Guscic - Tranche 2(c)	1,000,000	13/11/2013	30/06/2019	$5.14	$0.16
John Guscic - Tranche 3(c)	1,000,000	13/11/2013	30/06/2020	$5.64	$0.21

^ The exercise price for Tranches 2(b), 3(b) and 1-3(c) reflect the adjusted exercise price at the date of this report as a result of the rights issues on 6 June 2016 and 2 August 2017.

500,000 options granted to John Guscic under Tranche 3(b) were exercised on 23 August 2016 at an exercise price of $3.68. The share price at date of exercise was $9.31. The value of the options exercised by Mr Guscic was $1,840,000.

500,000 options granted to John Guscic under Tranche 1(c) were exercised on 24 April 2017 at an exercise price of $4.88. The share price at date of exercise was $11.22. The value of the options exercised by Mr Guscic was $2,440,000.

Subsequent to year end, 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. In addition, 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.

At the date of this report, the number of options outstanding and vested is 750,000 in Tranche 2(c) and 1,000,000 in Tranche 3(c).

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.

(c) Performance rights

As at date of this report, a total of 109,214 performance rights had vested under the Executive LTI Share Plan. The number of performance rights outstanding is 195,263. The breakdown of these performance rights are set out below.

Executive LTI and Share Plan	Vested at date of this report	Outstanding at date of this report
Shelley Beasley	3,351	6,702
Graham Anderson	2,894	5,786
Michael Sheehy	2,749	5,496
Vaughan Magnusson	3,234	6,466
	12,228	24,450
Other Employees	96,986	170,813
Total	**109,214**	**195,263**

Insurance of officers and indemnities

During the financial year, Webjet Limited paid a premium to insure the Directors and secretaries of the Company and its controlled entities, and all executive officers of the Consolidated Entity. The contract of insurance prohibits disclosure about the amount of premium.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Consolidated Entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

Insurance of officers and indemnities (continued)

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

Non-audit services

Non-audit services that were provided during the current or prior year by the auditor are set out in Note 33 of the financial report.

The board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

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 13.

Rounding of amounts

The Company is of a kind referred to in Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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

Melbourne
7 September 2017

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

As lead auditor of Webjet Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- No contraventions of any applicable code of professional conduct in relation to the audit.

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

Paul Gosnold
Director

BDO Audit (SA) Pty Ltd

Adelaide, 7 September 2017

Remuneration Report (audited)

Section 1 - Overview

1.0 Introduction

We are pleased to present this Remuneration Report for FY 2017 in the context of a continuation of the very positive performance of Webjet in recent years. The very positive growth, operating performance and geographic expansion has been of benefit to our customers, suppliers, shareholders and employees.

This Remuneration Report has been prepared in accordance with section 300A of the Corporations Act 2001 (Cth) (Act) and Regulations. It outlines the Company's overall reward strategy for the year ended 30 June 2017 and provides detailed information on the remuneration policy and arrangements for Key Management Personnel ("KMP"). KMP are those people who have the authority and responsibility for planning, directing and controlling the company's activities, either directly or indirectly, including any Director.

For the purposes of this Remuneration Report, the terms "Company" and "Webjet" refer to Webjet Limited and "Group" refers to Webjet Limited and its controlled entities.

The KMP for Webjet during 2017 are:

Non-Executive Directors

(i) Roger Sharp BA LLB - Non-Executive Director - Chairman from 21 June 2017
(ii) David Clarke - Non-Executive Director - Chairman until retired 21 June 2017
(iii) Don Clarke LLB (Hons) - Non-Executive Director, Deputy Chairman
(iv) Steven Scheuer BBus (Acc) - Non-Executive Director - retired 23 November 2016
(v) Brad Holman BCom - Non-Executive Director
(vi) Shelley Roberts BBusSci (Fin), ACA, GAICD - Non-Executive Director

Executive KMP

(i) John Guscic BEc, MBA - Managing Director
(ii) Shelley Beasley BA (Comm), Grad Dip Bus Int Str Lship - Group Chief Commercial Officer
(iii) Michael Sheehy BEc ACA GAICD - Chief Financial Officer and Company Secretary
(iv) Graham Anderson BA (Hon), MBCS CITP - Head of IT
(v) Vaughan Magnusson BCom - Chief Executive Officer Online Republic Group

Except as noted, each of the named persons held their current position for the whole of the financial year and has continued to hold such position since the end of the financial year.

1.1 Role of Remuneration Committee

The Remuneration Committee assists in ensuring that remuneration arrangements are equitable and aligned with both the risk framework and the long- term interests of shareholders. The Board regards it as critical that the Committee is independent, and is seen to be independent, from management when making decisions affecting and/or exercising oversight of the remuneration of the Managing Director, the other Executive KMP and employees generally.

To safeguard the independence of remuneration-setting procedures, the Remuneration Committee is comprised solely of Non-Executive Directors, all of whom are, in the Board's opinion, independent. Other Directors and/or members of the senior management team may attend meetings of the Remuneration Committee (providing that person's remuneration is not being considered) to provide information, reports and updates to the Committee to ensure that it is fully informed.

To ensure the Remuneration Committee is appropriately informed, it will seek advice and information from professional advisers, as required, to supplement its own information and insights to finalise its remuneration recommendations.

Irrespective of where remuneration information and analysis is sourced, the Remuneration Committee rigorously assesses that information. Information, advice and recommendations received from external sources, including remuneration advisors and management, are used as a guide only. They do not serve as a substitute for full consideration of the issues by the Remuneration Committee.

Further details regarding the membership and meetings of the Remuneration Committee are provided within the Corporate Governance section of this Annual Report.

The remainder of this report is structured as follows:

Section 2: Remuneration policy and structure for Executive KMP
Section 3: Remuneration outcomes for Executive KMP for FY2017
Section 4: Executive KMP service contracts
Section 5: Remuneration policy and payments to Non-Executive Directors
Section 6: Additional Statutory Disclosures
Section 7: Proposed changes to Executive KMP remuneration in FY2018

Section 2 - Remuneration policy and structure for Executive KMP

2.1 Review of remuneration policy and structure

Last financial year the Board undertook a substantial review of its remuneration policies and outcomes. The review involved consultation with major stakeholders, including proxy advisors. The outcomes of the review were outlined in detail in the remuneration report for 2016 and these led to a largely revised structure that involves a greater at risk component for KMP. The changes discussed in that report are reflected in the current overarching remuneration objectives and principles and the resultant policy and practice outlined below.

2.2 Overarching remuneration objectives and principles

The Remuneration Committee recognises that remuneration has an important role to play in supporting the implementation and achievement of Webjet's strategy and ongoing performance. Most importantly, the remuneration arrangements for Executive KMP need to align the activities of management with the interests of Webjet's shareholders. This also requires paying appropriate remuneration to attract, motivate and retain the best people to lead Webjet.

The Remuneration Committee's view is that Webjet's remuneration arrangements need to be structured to ensure that its Executive KMP take a long-term approach to decision making, which is consistent with creating value for shareholders, and does not promote a focus on short-term results at the expense of longer-term business growth and success.

The following points have been agreed by the Remuneration Committee as the key objectives which will underpin the structure and quantum of Executive KMP remuneration arrangements across the Webjet Group in a manner that is consistent with the overarching policy objectives outlined above.

Executive KMP remuneration arrangements must:

(i) support the execution of the Group's business strategy in alignment with a risk framework that is appropriate for the Group;
(ii) be internationally competitive if Webjet is to attract, motivate and retain highly skilled executives willing to work globally (recognising that, while the individual skills of its Executive KMP team is one of the Company’s principle assets, the continuity and retention of those skills and the aggregation of the knowledge within the Executive KMP team is vital to Webjet's long term success);
(iii) recognise that the available talent pool is limited;
(iv) recognise and reward members of the Executive KMP team by reference to their unique skills and industry experience (all be it subject to demanding performance conditions, including financial and non-financial measures;
(v) align the structure of executive remuneration as closely as possible with the delivery of shareholder value - for example, by linking a significant component of remuneration (i.e. the 'at risk' incentives) to performance and the creation of value for our shareholders (from out-performance);
(vi) ensure remuneration arrangements are equitable, having regard to the expectations of our shareholders and the need to facilitate the deployment of people across the Group;
(vii) limit termination benefits / severance payments to pre-established contractual arrangements (which do not commit Webjet to making unjustified payments); and
(viii) support contractual and approved obligations without paying more than is reasonably necessary.

2.3 Current structure of Executive KMP remuneration - FY2017

The remuneration structure for FY 2017 involved a greater proportion of the remuneration payable to its Executive KMP (other than the Managing Director) being at 'at-risk' than in prior years. The ‘at risk’ component will only be received by an Executive KMP if pre-determined performance hurdles (short and long term) are achieved.

It is the Remuneration Committee's view that a significant 'at risk' / incentive structure is appropriate as it aligns the interests of the Executive KMP and the shareholders. In particular, the Committee is satisfied that the remuneration arrangements which applied in FY 2017:

(i) link remuneration to the Webjet Group's focus on sustained performance;
(ii) reflect Webjet's risk framework and focus on long-term value creation;
(iii) reinforce the desired behaviours of Executive KMPs; and
(iv) provide a transparent mechanism for clawback in the event of a restatement of our results, through changes to the vesting or non-vesting of deferred awards.

2.4 Remuneration outcomes for Executive KMP for FY201

Remuneration component and link to strategy	Operation and performance framework
Base salary (Fixed Annual Remuneration or **FAR)** A competitive base salary is paid to attract and retain high-quality and experienced Executive KMP and to provide appropriate remuneration for those persons employed in these important roles within the Group.	▪ Base salary is broadly aligned with salaries for comparable roles in both Australian and global companies of similar global complexity, size, reach and industry and reflects each Executive KMP's responsibilities, location, skills, performance, qualifications and experience. ▪ Subject to the following paragraphs, base salary is reviewed annually with effect from 1 July. Reviews are informed, but not led, by benchmarking to comparable roles (as above), changes in responsibility and general economic conditions. Substantial weight is also given to the general base salary increase for employees. Base salary is not subject to separate performance conditions. ▪ Base salary is denominated in A$ dollars. ▪ Subject to exceptions as required to deal with anomalies, FAR was frozen for three years from 1 July 2016. Thereafter, it will be subject to annual review. In FY 2017, substantial changes in scale and complexity of the Group's business occurred, which changes have substantially increased the responsibilities of certain members of the Executive KMP. After taking account of the substantial changes, the Remuneration Committee has made some adjustments to FAR for those members of the Executive KMP, which changes will be effective from 1 July 2017.
Benefits Superannuation and other benefits to attract and retain a high-quality and experienced Executive KMP need to be commensurate with the Company's competitors.	▪ Superannuation is provided as required by law. ▪ Benefits in the form of mobile telephones, car parking and other IT / communication equipment to facilitate performance of duties are provided. ▪ No other benefits are provided to members of the Executive KMP.
STI The purpose of STI is to focus the efforts of the Executive KMP on those performance measures and outcomes that are priorities for the Group and which deliver performance at or above stretch performance objectives. The performance measures will primarily be performance against the budgeted EBITDA as it links directly to the creation of shareholder value and the long-term success of the Group. For details of the quantum of the STI for each Executive KMP, and the split between the financial (EBITDA) and non-financial performance hurdles, refer to section 4, Table 4 and the Explanatory Notes following that Table.	Setting performance measures and targets ▪ The current principal performance measure for all Executive KMP is EBITDA. The EBITDA target for each Executive KMP is derived from the annual budget as approved by the Board for the relevant financial year. The aim is to set an appropriate annual performance target / outcome that is consistent with the Company's value creating strategic plan. ▪ In addition, a portion of the Managing Director's STI will be subject to achievement of a TSR benchmark. For the other Executive KMP, other non-financial management measures relevant to business unit metrics are agreed at the commencement of each financial year between the particular Executive KMP and the Managing Director. ▪ The measures and their relative weightings for the Executive KMP are chosen by the Remuneration Committee to appropriately drive overall performance for the relevant year relative to the long-term business plan. Specified financial measures constitute the largest weighting as these capture other KPIs. ▪ The nature of the financial and individual measures for the Managing Director will be disclosed at or around the beginning of each performance period. ▪ For reasons of commercial sensitivity, while Webjet will provide a narrative description of financial target performance in broad terms, the actual target for each financial measure will not be disclosed to the market in advance. However, Webjet intends to disclose the financial targets retrospectively. Assessment of performance ▪ At financial year end, each Executive KMP's achievement against each measure is assessed by the Remuneration Committee and the Board, and an STI award is determined. If performance is below the threshold level for any measure, no STI will be provided in respect of that portion of the STI opportunity. There is no ability to defer assessment to a later time frame.

Section 2 - Remuneration policy and structure for Executive KMP (continued)

2.4 Remuneration outcomes for Executive KMP for FY2017 (continued)

Remuneration component and link to strategy	Operation and performance framework
STI (continued)	Delivery of award ▪ The value of any STI award is provided in cash (with a clawback provision, where applicable, if a full year target is not met). ▪ Some cash STI awards are subject to clawback provisions in certain circumstances. ▪ The Committee has no discretion to allow vesting of cash STI awards when performance conditions have not been satisfied (other than where an extraordinary event or death or serious injury, disability, illness that prohibits continued employment or a decision by the Board prevents the Executive KMP from achieving an award that would otherwise, in all probability, have been achieved).
LTI (applicable to the Executive KMP other than the Managing Director) The purpose of the LTI is to focus the efforts of the Executive KMP on the achievement of sustainable long-term value creation for the Group and the shareholders. The provision of the LTI in the form of equity also aligns the interests of the Executive KMP and shareholders. For details of the quantum of the LTI for each Executive KMP refer to Table 3 and the Explanatory Notes following that Table.	Relative TSR performance condition (applies to the Executive KMP other than the Managing Director) ▪ The award of equity rights is subject to a relative TSR performance condition, which must be achieved over a three-year period. Full vesting under the LTI only occurs when Webjet's relative TSR outperforms the TSR of the comparator group(s). Initially, the comparator group is the companies comprising the S&P / ASX 300 excluding resource companies and listed property trusts. Level of performance required for vesting ▪ No award will vest in a year if Webjet's TSR is below the median TSR return for the comparator group. Full vesting will occur in a year if the Executive KMP remains employed by the Webjet Group and the TSR of Webjet is equal to or exceeds the median TSR for the Peer Group. ▪ There is no re-testing or deferral of assessment if the performance condition is not met. ▪ The Committee retains the discretion to not award part or all of the LTI award. This may occur if the Committee does not consider full vesting of the LTI shares that would apply based on the Group's achievement of the relative TSR performance condition to be a true reflection of the underlying performance of the Group, or should it consider that individual performance or other circumstances makes this an inappropriate outcome. This is an important mitigation against the risk of unintended vesting outcomes. ▪ To ensure that the LTI performance conditions continue to support operational excellence, risk management and the execution of the Group's strategy, the Committee retains discretion to add further performance measures to supplement the existing relative TSR performance condition. Delivery of award. ▪ LTI awards are provided under an Employee Share Plan approved by the Board. The award of deferred equity comprises rights to receive ordinary Webjet shares in the future if the performance and service conditions are met. The Committee has a discretion to settle LTI awards in cash. ▪ Prior to the vesting of any shares issued under the Employee Share Plan, the dividends paid on those Webjet shares will be retained in the Trust and be used to pay the administrative and operating expenses of the Trust. After vesting, the Executive KMP entitled to the shares will be entitled to the benefit of all dividends paid on those shares. ▪ LTI awards are subject to clawback provisions in certain circumstances.

Section 2 - Remuneration policy and structure for Executive KMP (continued)

2.4 Remuneration outcomes for Executive KMP for FY2017 (continued)

Remuneration component and link to strategy	Operation and performance framework
LTI (applicable to the Executive KMP other than the Managing Director) - continued	Delivery of award. ▪ LTI awards are subject to clawback provisions in certain circumstances. ▪ The Committee has no discretion to allow vesting of equity awards when performance conditions have not been satisfied (other than where an extraordinary event or death or serious injury, disability, illness that prohibits continued employment or a decision by the Board prevents the Executive KMP from achieving an award that would otherwise, in all probability, have been achieved). ▪ No performance rights will be granted to the Managing Director under the Employee Share Plan. His longer-term incentive is currently in the form of the options previously granted to him in 2013. For further details of these options, refer to section 6.1 of this Report. From 1 July 2018, subject to shareholder approval, an additional 3,000,000 options will be granted to the Managing Director. The options will be granted subject to certain conditions which will be set out in the Notice of Meeting and attaching Explanatory Memorandum for the 2017 AGM.

2.5 Relationship between remuneration and company performance

The FAR component of KMP remuneration is, in part, related to that provided in comparable companies of similar global complexity, size, reach and industry. The incentive component of KMP remuneration is linked to EBITDA performance (relative to target), personal targets and relative TSR performance. Consequently, important performance metrics include growth in activity captured in TTV (which drives revenue), EBITDA performance (which captures operational earnings), asset growth and TSR (which reflects how shareholders have fared). Table 1 below captures performance over a range of measures over the last plus four prior years.

Table 1: Company Performance FY 2013 - FY 2017

	Growth 2016 to 2017	Five year Growth	FY ended 30 June 2017	FY ended 30 June 2016	FY ended 30 June 2015	FY ended 30 June 2014	FY ended 30 June 2013
Financial Metrics ($'M)							
Total Transaction Value	25%	131%	2,043	1,630	1,266	997	884
EBITDA ($m)	91%	472%	69.9	36.6	31.5	23.3	12.2
NPAT	147%	708%	52.4	21.3	17.5	19.1	6.5
Assets	28%	267%	493	386	203	129	134
Share Price*							
At beginning of year			6.99	2.90	2.35	4.32	3.28
At end of year			12.18	6.99	2.90	2.35	4.32
Dividend per Share (cents)							
Interim			7.50	6.50	6.25	6.25	6.00
Final			10.00	8.00	7.25	7.25	7.00
TSR (%) *	77%		77%	148%	28%	-43%	36%
TSR Cumulative (%)			77%	337%	463%	222%	331%
Directors Remuneration	6%	-1%	0.56	0.53	0.53	0.51	0.57
Executive KMP Remuneration	22%	82%	3.97	3.25	3.04	1.66	2.19
Executive KMP Ave. Remuneration	25%	45%	0.79	0.64	0.61	0.41	0.55

** adjusted for rights issues, splits, etc*

Section 2 - Remuneration policy and structure for Executive KMP (continued)

Section 3 - Remuneration outcomes for Executive KMP for FY2017

3.1 Executive KMP

Table 2 sets out the specific remuneration outcomes for the Executive KMP (including the Managing Director) for the financial year commencing on 1 July 2016. The remuneration outcomes reflect the structure outlined in Table 3. Detailed explanatory notes are set out below the table.

The table has been prepared in accordance with relevant accounting standards. Where applicable, remuneration for Executive KMP are pro-rated for the period they served as a member of the KMP.

More information on the incentive components of the Executive KMP remuneration is provided in the notes below the table.

Table 2 - KMP remuneration

	Short-term incentives			Post-employment benefits	Share-based payments	Total
	Salary	Bonus		Superannuation	Options	
	& fees	Financial KPI	Non-Financial KPI		& rights	
2017	**$**	**$**	**$**	**$**	**$**	**$**
Executive officers						
John Guscic	815,000	593,300	100,000	35,000	58,179	1,601,480
Shelley Beasley	450,271	160,004	23,189	13,508	24,444	671,416
Michael Sheehy	352,994	132,734	19,237	31,742	20,050	556,756
Graham Anderson	365,715	119,835	19,973	33,736	21,108	560,367
Vaughan Magnussun	452,419	74,629	18,097	16,355	23,817	585,315
						3,975,335

	Short-term incentives			Post-employment benefits	Share-based payments	
	Salary	Bonus		Superannuation	Options	Total
	& fees	Financial KPI	Non-Financial KPI		& rights	
2016	**$**	**$**	**$**	**$**	**$**	**$**
Executive officers						
John Guscic	815,000	467,500	100,000	35,000	118,150	1,535,650
Shelley Beasley	414,271	107,416		15,391	-	537,078
Michael Sheehy	307,357	51,101		33,318	-	391,776
Graham Anderson	335,715	55,816		36,392	-	427,923
David Galt	289,056	15,887		28,686	-	333,629
Vaughan Magnussun	26,808		-	804	-	27,612
						3,253,667

* David Galt ceased being a KMP from 1 July 2016

Explanatory Notes:

The above table for FY 2017 is to be read in conjunction with the following explanatory notes.

Table 3 below sets out the basic structure of the Executive Remuneration in FY 2017, including details of the FAR and the percentage of FAR able to be earned by each Executive KMP, subject to performance, under the respective STI and LTI arrangements. For the STI, the table also shows the allocation of the incentive to financial and non-financial components. The payments made to the Executive KMP, as set out in Table 2, are based on the structure below.

Section 3 - Remuneration outcomes for Executive KMP for FY2017 (continued)

3.1 Executive KMP (continued)

Table 3 - Remuneration Structure FY2017

Executive Incentive Plans	FAR $	STI Financial % FAR	STI Bus. Unit % FAR	STI Non-Financial % FAR	LTI % FAR
Managing Director					Share
John Guscic	850,000	35% to 70%		12%	Options
					Performance
Functional Executives					Rights
Vaughan Magnusson *	469,680		12% to 24%	4%	15%
Shelley Beasley	463,779	15% to 45%		5%	15%
Graham Anderson	400,458	15% to 45%		5%	15%
Michael Sheehy	380,356	15% to 45%		5%	15%

FAR

- The FAR paid to the Managing Director in FY2017 has not changed from FY 2016. It is subject to a 3 year freeze from 1 July 2016.

- Other than the Managing Director, at the commencement of FY 2017 each Executive KMP received an increase in FAR (when compared to FY2016). Subject to exceptions as required to deal with anomalies, the FAR of the Executive KMP will be frozen for three years from 1 July 2016. Exceptions will primarily be made where such are demanded by reason of the increased responsibilities of an Executive KMP because of the enlarged scale and complexity of the Company's business and/or where additional payments may need to be made to retain key employees.

STI

- Payment of the STI in FY 2017 was based on the financial performance of the Webjet Group measured against budgeted EBITDA. The minimum financial STI (15% or 35% of FAR) was triggered by the Webjet Group or relevant business unit achieving at least 95% of its EBITDA target. To achieve the maximum incentive (45% or 70% of FAR), actual EBITDA must exceed 130% of the target for the Managing Director and 150% for the other functional Executive KMP. The Managing Director's target is based on the Webjet Group performance where EBITDA over performance represents a significantly higher hurdle than EBITDA over performance in any individual business unit. Table 4 sets out the STI targets for FY 2017.

- For FY 2017, the EBITDA target was $53.9 million.

Table 4 - STI targets for FY 2017

Performance (% of EBITDA Target)	Managing Director	Performance (% of EBITDA Target)	Executive KMP (except Managing Director)
<95%	Nil	<95%	Nil
95%	35% of FAR	95%	15% of FAR
96% to 130%	35% plus 1% for each 1%	96 to 100%	15% plus 1% for each 1%
130%	70% of FAR	100%	20% of FAR
>130%	Cap of 70% of FAR applies	>100%	20% plus 0.5% for each 1% (capped at 45% of FAR)

Section 3 - Remuneration outcomes for Executive KMP for FY2017 (continued)

3.1 Executive KMP (continued)

- For the Managing Director, Table 5 below provides additional explanation of his STI payments in FY 2017 and FY 2016.

Table 5 - Managing Director's STI by component

	FY2017 (000's)	FY2016 (000's)
Reported EBITDA	69,885	36,637
Budget EBITDA	53,900	33,100
Over Achievement	15,985	3,103
% Over Achievement	29.66%	10.69%
Fixed Remuneration (FAR)	850,000	850,000
STI Entitlement		
EBITDA Over Achievement	69.8% of FAR	55% of FAR
STI – based on EBITDA	593,300	467,500
STI – based on Non-financial KPIs	100,000	100,000
Total STI	693,300	567,500

- For the Managing Director, the Non-Financial STI was a maximum of $100,000. Payment was subject to the TSR for the Webjet Group for FY 2017 exceeding the median TSR of all entities over the prior 24 month period (excluding resource companies and listed property trusts) comprising the S&P / ASX 300 Index. This component of the STI was paid quarterly (it was subject to a clawback if, on a full year basis, the TSR benchmark had not been achieved). All other STI payments to Executive KMP are paid annually.

- For the Executive KMP other than the Managing Director, the Non-Financial STI benchmarks relate to the achievement of business metrics directly relevant to their respective business units in areas of customer service and quality outcomes.

LTI

- As the Managing Director already held a significant number of options (which were approved by shareholders on 13 November 2013), no additional shares, options or performance rights were granted to the Managing Director under the LTI or any other incentive scheme in FY 2017. Details of the options currently held by the Managing Director are set out in Section 6 of this Report. Subject to shareholder approval, a new LTI scheme will commence for the Managing Director from 1 July 2018 and will be applicable for FY2019 and FY2020. If approved by the shareholders, 3,000,000 options will be issued to the Managing Director. Details of the specific terms of the options, and the conditions precedent to exercise, will be set out in the Notice of Meeting and the attaching Explanatory Memorandum for the Company's 2017 AGM. The LTI number for the Managing Director reflects the accounting expense of $58,179 for options awarded in 2013.

- For the Executive KMP other than the Managing Director, Webjet established an Employee Share Plan Trust (ESPT) for the purpose of holding Webjet performance rights for the benefit of the Executive KMP participants. Subject to the Company achieving the performance criteria and their continued employment, the Executive KMP participants will become the beneficial owners of those Webjet performance rights in three (3) equal tranches over a 3-year period. In FY 2017, Executive KMP participants were offered performance rights equal to 15% of their FAR. Under the ESPT rules, the performance rights to be held by the ESPT were issued at a share price equal to the VWAP for the 5 trading days immediately preceding 1 July 2016 (which was $6.92 per share).

- The ESPT performance rights will vest annually over the following three years. Vesting will take place on or about 31 August of each year (with the first vesting date being on or about 31 August 2017) following the completion and lodgement of the audited financial statements of the Company and other entities included in the S&P /ASX 300 Index, excluding resource companies and listed property trusts.

Section 3 - Remuneration outcomes for Executive KMP for FY2017 (continued)

3.1 Executive KMP (continued)

- As the Company's Total Shareholder Return (TSR) for the 24-month period ended 30 June 2017 will exceed the median TSR of the Peer Group (refer below) for the corresponding period, one third of the ESPT performance rights allocated to each Executive KMP participant will vest in respect of FY 2017 provided the Executive KMP participant remains employed by the Webjet Group (at the time of vesting). A corresponding performance hurdle will apply to the remaining ESPT shares for the years ending 30 June 2018 and 2019. If the criterion is not satisfied in each of those years, the entitlement to the LTI performance rights for those years will lapse.

- The peer group companies comprised the S&P / ASX 300 Index, excluding resource companies and listed property trusts.

- Table 6 details the Webjet performance rights granted to the Executive KMP (other than the Managing Director) for FY2017. The grant date for the performance rights was 1 July 2016. One performance right relates to one share.

- The LTI numbers for the Executive KMP, excluding the Managing Director, reflect the accounting expense taken up for FY 2017 based on an assessment of the fixed value at grant date.

Table 6 - Executive KMP Performance Right allocations in FY2017 (based on fixed value) and the Fair Value assessment at Grant Date

Performance rights were valued using Monte Carlo simulation. The minimum total value of the performance rights is zero as the performance criteria may not be met and the right may not vest. As at 30 June 2017, 11,576 performance rights had vested. Since 30 June 2017 a further 97,638 had vested. Refer to page 11 of the Directors' Report for further details.

Executive KMP	Total 31 Aug 2017		Tranche1 31 Aug 2017		Tranche 2 31 Aug 2108		Tranche1 31 Aug 2019	
	Number Granted	Fair Value at Grant date	Number Granted	Fair Value at Grant date	Number Granted	Fair Value at Grant date	Number Granted	Fair Value at Grant date
Shelley Beasley	10,053	40,380	3,351	13,069	3,351	13,739	3,351	13,572
Graham Anderson	8,680	34,865	2,894	11,287	2,893	11,861	2,893	11,717
Michael Sheehy	8,245	33,117	2,749	10,721	2,748	11,267	2,748	11,129
Vaughan Magnusson	9,700	38,948	3,324	12,964	3,233	13,255	3,143	12,729
Other Employees	42,750	171,862	13,253	51,687	14,249	58,421	15,248	61,754
Total	79,428	319,171	25,571	99,727	26,474	108,543	27,383	110,901

Change of control
Both:
(i) unvested options granted to the Managing Director; and
(ii) unvested LTI equity awards under the ESP granted to the Executive KMP (other than the Managing Director),

will, subject to the vesting conditions remaining capable of being satisfied at that time, vest in full on the occurrence of a change of control event (e.g. a takeover or scheme of arrangement) in respect of the shares of Webjet.

Section 4 - Executive KMP service contracts

4.0 Service contracts

Each Executive KMP has entered into an employment contract with the Webjet Group.

4.1 Managing Director

For the Managing Director, the key terms of his current contract are set out below. If a new CEO or another Executive Director was appointed, similar contractual terms would apply, other than where the Remuneration Committee determines that different terms should apply for reasons specific to the individual.

The current contract for the Managing Director runs until 30 June 2021, subject always to the right of Webjet and/or the Managing Director to terminate the contract (and the Managing Director's employment) earlier in accordance with its terms.

Termination without cause:

(a) by Webjet - the Managing Director is entitled to not less than 12 months notice. Webjet has discretion to make a payment in lieu of notice. On termination by Webjet without cause, the Managing Director will be entitled to the following:

- if the Managing Director works out the notice period, payment of FAR plus such part of the STI as is determined (by reference to the performance of the Webjet Group in the notice period); or
- if Webjet elects to make a payment in lieu of notice, payment of FAR for the notice period plus 33.3% or 66.7% of the STI applicable for that year (depending on whether the Managing Director's employment is terminated before or after 6 months from commencement of the financial year); and
- retention of all options which have vested plus a pro-rata proportion (based on the portion of the relevant year which has elapsed) of the number of unvested options which, if the performance conditions were satisfied in that year, would vest in the Managing Director at the end of that year (all other unvested options will lapse).

(b) by the Managing Director - Webjet is entitled to not less than 6 months notice. On termination by the Managing Director without cause, the Managing Director will be entitled to the following:

- payment of FAR for the notice period (but not the STI); and
- retention of all options which have vested prior to termination (all unvested options will lapse).

Termination for cause:

Webjet is entitled to immediately terminate the Managing Director's contract in certain limited circumstances, including for breach by the Managing Director of a material provision of the agreement, serious misconduct and/or unsatisfactory performance. On termination by Webjet for cause, the Managing Director will be entitled to be paid the FAR up to and including the date of termination. No STI will be payable for the year of termination and all options held by the Managing Director not then exercised, whether vested or unvested, will lapse.

The Managing Director is also entitled to terminate his employment contract (on 4 weeks' notice) in certain circumstances, including breach by Webjet of a material provision of the agreement and/or on Webjet making any change to the agreement, without the Managing Director's consent, which materially diminishes his status, duties, authority or terms and conditions of employment.

If the Managing Director terminates his employment contract for cause, the Managing Director will be entitled to payment of an amount equal to the amount that he would have been entitled to be paid if the agreement had been terminated on that date without cause by Webjet.

Where the Managing Director's employment contract terminates as a result of redundancy, death, serious illness or disability, the Webjet Board retains a residual discretion to permit retention and/or exercise of unvested equity incentives.

Restraint

The Managing Director's contract includes restraint provisions of a nature and duration that are consistent with market practice. The restraints include a restriction on the Managing Director's involvement in any business competitive with any Webjet Group business for up to a maximum of 12 months after the termination of his employment.

Other Executive KMP

Similar termination provisions to those set out above apply in respect of the employment contracts of the Executive KMPs (other than the Managing Director), with the exception that there is no contractual right of termination by an Executive KMP in the event that Webjet makes a change to the employment agreement, without the Executive KMP's consent, which materially diminishes the Executive KMP's status, duties, authority or terms and conditions of employment. The standard notice period for termination by Webjet without cause is 12 months. In all cases, Webjet has retained the right to make a payment in lieu of notice.

Restraint clauses have not been included the employment contracts of the Executive KMP (other than the Managing Director).

Section 5 - Remuneration policy and payment to Non-Executive Directors

Webjet's Non-Executive Directors (**NEDs**) are paid in accordance with the ASX Corporate Governance Council's Principles and Recommendations (3rd Edition).

The Remuneration Committee and the Board seeks to set aggregate remuneration at a level which provides Webjet with the ability to attract Directors of the highest calibre while incurring a cost which is acceptable to shareholders. When setting fees for individual Directors, account is taken of the responsibilities inherent in the stewardship of the Webjet Group and the demands made of Directors in the discharge of their responsibilities (including their participation in relevant Board committees: Nomination & Remuneration Committee, the Audit Committee and the Risk Committee).

5.1 Components of NED remuneration

Table 7 shows the components of the total remuneration for Non-Executive Directors (NED), the link to strategy, how each component is determined and operates.

Table 7 - NED remuneration

Remuneration component and link to strategy	Operation and performance framework
Fees Competitive base fees are paid in order to attract and retain high-quality individuals, and to provide appropriate remuneration for the role undertaken. Additional fees are provided to recognise the additional responsibilities, time and commitment required for Committees.	▪ The Chairman is paid a single fee for all responsibilities. ▪ Non-executive Directors are paid a base fee and relevant committee membership fees. ▪ Committee Chairmen are paid an additional fee to reflect their extra responsibilities. All fee levels are reviewed annually and any changes are effective from 1 July. ▪ Fees are set at a competitive level based on research and information concerning benchmark fees in equivalent size companies. Fee levels reflect the size and complexity of the Webjet Group, the multi-jurisdictional environment arising from the nature and the geographic spread of the businesses conducted by the Group. The economic environment and the financial performance of the Group are taken into account. Consideration is also given to salary reviews across the rest of the Group.
Superannuation	▪ Superannuation contributions provided on fees only where required by law.
Benefits and expenses Travel allowances	▪ Non-executive Directors receive re-imbursement of travel and other expenses for travel undertaken in attending Board and/or other meetings or performing other duties required of them in their capacity as Directors. ▪ No other benefits are paid to the Non-Executive Directors.
STI and LTI	▪ Non-Executive Directors are not eligible to participate in any STI or LTI arrangements.
Payments on early termination	▪ There are no provisions in any of the Non-Executive Directors' appointment arrangements for compensation payable on early termination of their directorship.

Section 5 - Remuneration policy and payment to Non-Executive Directors (continued)

5.1 Components of NED remuneration (continued)

Table 8 below sets out the total remuneration (fees) paid to the Non-Executive Directors (NED) over the last two financial years.

Table 8 - Total Non-Executive Director (NED) Remuneration

	Salary	Short-term incentives Bonus		Post-employment benefits	Share-based payments	Total
	& fees	Financial KPI	Non-Financial KPI	Superannuation	Options & rights	
2017	**$**	**$**	**$**	**$**	**$**	**$**
Non-executive directors						
David Clarke	169,400		-	33,600	-	203,000
Don Clarke	83,807		-	7,962	-	91,769
Steven Scheuer	24,734		-	2,350	-	27,083
Roger Sharp	81,200		-	1,015	-	82,215
Brad Holman	68,493		-	6,507	-	75,000
Shelley Roberts	75,000		-	7,125	-	82,125
Rajiv Ramanathan	-		-	-	-	-
						561,192

	Salary	Short-term incentives Bonus		Post-employment benefits	Share-based payments	Total
	& fees	Financial KPI	Non-Financial KPI	Superannuation	Options & rights	
2016	**$**	**$**	**$**	**$**	**$**	**$**
Non-executive directors						
David Clarke	169,400		-	33,600	-	203,000
Don Clarke	83,807		-	7,962	-	91,769
Steven Scheuer	59,361		-	5,639	-	65,000
Roger Sharp	81,200		-	0	-	81,200
Brad Holman	68,493		-	6,507	-	75,000
Shelley Roberts	12,500		-	1,188	-	13,688
						529,656

In summary:

Board Remuneration Non-Executive Directors	Fees	Superannuation	Total	Incr / (Dec) %
2017	502,634	58,558	561,192	9.0%
2016	474,761	54,895	529,656	0.8%

The increase in total fees is due solely to the change in the composition of the Board when compared with 2016. Shelley Roberts served a full year in 2017 and Steven Scheuer resigned in November 2016. Other NEDs were paid the same fee as in 2016.

It highlights that, despite the very substantial growth in the nature and scale of the Company’s operations, there has been a minimal increase in the total fees paid to the NEDs despite their materially increased responsibilities.

Approach to remuneration for new Directors

The remuneration arrangements for a newly recruited NED will reflect the remuneration policy in place for other NEDs, as above. The components will therefore comprise fees, superannuation payments where required by law and benefits (as set out in the table above). No variable remuneration (STI and LTI) will be provided to newly recruited NEDs.

Letters of appointment and policy on loss of office

Each NED is required to execute a standard letter of appointment. Details of NED remuneration, the term of appointment and other arrangements applicable to the appointment are set out in that letter of appointment.

All NEDs are appointed on the basis that a NED:

(a) cannot hold office without re-election past the third Annual General Meeting following the NED's appointment;

(b) may resign on reasonable notice; and

(c) is not entitled to any payment from Webjet on loss of office

Section 6 - Statutory Disclosures

This section provides details of any additional statutory disclosures that have not been included in the previous sections of the Remuneration Report.

6.1 Share and Option holdings of KMP

Share and option holdings

The number of ordinary shares / options in Webjet held directly, indirectly or beneficially by each individual (including shares held in the name of the spouse, superannuation fund, nominee and/or other controlled entities) are shown in Table 9 below as at 30 June 2017.

Table 9 – Shares

	Balance at 30 June 2016 No.	Granted as compensation No.	Received on exercise of options No.	Acquisition / (disposal) of shares No.	Balance at 30 June 2017 No.
2017					
John Guscic	1,109,169	-	1,000,000	96,976	2,206,145
Don Clarke	20,000	-	-	3,200	23,200
Roger Sharp	90,000	-	-	14,400	104,400
Brad Holman	22,000	-	-	8,520	30,520
Shelley Roberts	-	-	-	2,500	2,500
Rajiv Ramanathan	-	-	-	-	-
Shelley Beasley	105,516	-	-	33,766	139,282
Michael Sheehy	-	-	-	-	-
Graham Anderson	-	-	-	-	-
Vaughan Magnusson	-	-	-	9,000	9,000
Immediate past Directors					
David Clarke	*9,000*	-	-	*1,440*	*10,440*
Steven Scheuer	*4,476,254*	-	-	*244,127*	*4,720,381*

	Balance at 30 June 2015 No.	Granted as compensation No.	Received on exercise of options No.	Acquisition / (disposal) of shares No.	Balance at 30 June 2016 No.
2016					
David Clarke	9,000	-	-	-	9,000
John Guscic	109,169	-	1,000,000	-	1,109,169
Don Clarke	20,000	-	-	-	20,000
Steven Scheuer	4,476,254	-	-	-	4,476,254
Roger Sharp	90,000	-	-	-	90,000
Brad Holman	15,000	-	-	7,000	22,000
Shelley Beasley	105,516	-	-	-	105,516
Michael Sheehy	-	-	-	-	-
Graham Anderson	-	-	-	-	-
Vaughan Magnusson	-	-	-	-	-
David Galt	1,064	-	-	-	1,064

Managing Director Share Option Plan

Options

This section tabulates the status of all options (as approved by shareholders on 13 November 2013) held by the Managing Director. These are the only options on issue in Webjet.

Section 6 - Statutory Disclosures (continued)

6.1 Share and Option holdings of KMP (continued)

Table 10 - Managing Director's options

2017	Balance at 30 June 2016	Exercised	Forfeited	Bal at 30 June 2017	Bal vested at 30 June 2017	Vested but not exercisable	Vested and exercisable	Options vested during year
	No.	No.	No.	No.	No.	No.	No.	No.
John Guscic	3,500,000	1,000,000	0	2,500,000	2,500,000	0	2,500,000	1,000,000

2016	Balance at 30 June 2015	Exercised	Forfeited	Bal at 30 June 2016	Bal vested at 30 June 2016	Vested but not exercisable	Vested and exercisable	Options vested during year
	No.	No.	No.	No.	No.	No.	No.	No.
John Guscic	4,500,000	1,000,000	0	3,500,000	2,500,000	0	2,500,000	1,000,000

Table 11 - Managing Director's Options

Options series	Number	Grant date	Expiry date	Exercise price ^ $	Fair value at grant date $	Vesting date	Vesting condition	Status at 30 June 2017
John Guscic – Tranche 1(a)	500,000	19/10/2011	30/06/2015	$2.60	$0.22	1/09/2012	Achievement of FY12 Budget	Exercised
John Guscic – Tranche 1(b)	500,000	19/10/2011	30/06/2015	$2.60	$0.22	1/09/2012	Progressive - remain in employment	Exercised
John Guscic – Tranche 2(a)	500,000	19/10/2011	30/06/2016	$3.10	$0.20	1/09/2013	Achievement of FY13 Budget	Exercised
John Guscic – Tranche 2(b)	500,000	19/10/2011	30/06/2016	$2.98	$0.20	1/09/2013	Progressive - remain in employment	Exercised
John Guscic – Tranche 3(a)	500,000	19/10/2011	30/06/2017	$3.80	$0.22	1/09/2014	Achievement of FY14 Budget	Forfeited
John Guscic – Tranche 3(b)	500,000	19/10/2011	30/06/2017	$3.68	$0.22	1/09/2014	Progressive - remain in employment	Exercised
John Guscic – Tranche 1(c)	500,000	13/11/2013	30/06/2018	$4.88	$0.14	30/06/2015	Progressive - remain in employment	Exercised
John Guscic – Tranche 1(c)	500,000	13/11/2013	30/06/2018	$4.64	$0.14	30/06/2015	Progressive - remain in employment	Vested
John Guscic – Tranche 2(c)	1,000,000	13/11/2013	30/06/2019	$5.14	$0.16	30/06/2016	Progressive - remain in employment	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

Notes:

^ The exercise price for Tranches 2(b), 3(b) and 1-3(c) reflect the adjusted exercise price at the date of this report as a result rights issues on 6 June 2016 and 2 August 2017.

All options granted to the Managing Director had a significant performance hurdle in the form of their exercise price (which for all options was set at a significant premium to the Webjet price at the time of issue of the options). For example, on 8 November 2013, shortly prior to the issue of the share options to Mr Guscic in November 2013, trading in Webjet shares on ASX closed at $2.97. That compares to exercise prices for the three tranches of options granted to the Managing Director at that time of $5.00, $5.50 and $6.00 respectively.

On exercise, each option held by Mr Guscic will result in the issue of one ordinary share of Webjet Limited.

500,000 options granted to John Guscic under Tranche 3(b) have been exercised on 23 August 2016 at an exercise price of $3.68. The share price at date of exercise was $9.31. The value of options exercised was $1,840,000.

500,000 options granted to John Guscic under Tranche 1(c) have been exercised on 24 April 2017 at an exercise price of $4.88. The share price at date of exercise was $11.22. The value of options exercised was $2,440,000.

Section 6 - Statutory Disclosures (continued)

6.2 Prohibition on hedging of Webjet shares and options

Executive KMP are not allowed to protect the value of any unvested or restricted equity awards allocated to them or to use unvested or restricted equity awards as collateral in any financial transaction, including hedging and margin loan arrangements, without a specific clearance from the Chairman.

In June 2016, the Managing Director sought and obtained specific clearance from the Chairman to permit him to enter into a structured option and financing agreement with UBS AG. As at 30 June 2017, there were 1.5 million options exercised under this arrangement.

Any securities that have vested and are no longer subject to restrictions or performance conditions may be subject to hedging arrangements or used as collateral provided that the consent, notification and other restrictions on dealings set out in Webjet's Share Trading Policy are complied with in advance of the Executive KMP entering into the arrangement.

6.3 KMP Transactions

There were no transactions or loans between the Webjet Group and the KMP other than those disclosed in this Remuneration Report.

- APD Acquire Pty Ltd (APD), a subsidiary of Asia Pacific Digital Limited of which Roger Sharp is a director, was paid $36,364 during the year. All transactions were concluded on a commercial arm's length basis and charged accordingly. All commercial arrangements with APD were concluded in August 2016. Webjet does not intend to transact with APD in the future.

- Loan by Webjet to the Managing Director. The Loan is at a commercial interest rate, whereby interest is paid to the Company in cash at the interbank rate plus 3%. For clarity, the interest rate for the year ended 30 June 2017 was 5.6%, up from 5.4% in 2016. The loan is secured against those shares exercised under the option funded by the loan, with repayment not due until the Managing Director ceases employment. The loan is classified as 'other non-current assets' in the consolidated balance sheet. Further details of the loan are provided in the table below.

	Consolidated entity At	
	30 June 2017 $	30 June 2016 $
Loans to key management personnel		
Beginning of the year	**1,499,908**	-
Loans advanced	**1,500,000**	1,500,000
Loans repayments received	**(1,577,500)**	(68,750)
Interest charged	**78,903**	68,658
Interest received	**-**	-
End of year	**1,501,311**	1,499,908

A number of Directors hold or have held positions in other companies where it is considered they control or influence the financial or operating policies of those entities. There have been no transactions with those entities and no amounts were owed by the Webjet Group to personally related entities.

Section 7 - Proposed changes to Executive KMP remuneration for FY 2018

The Company intends to make some changes to its remuneration arrangements for its Executive KMP in FY 2018. A brief summary of the intended changes is set out below.

7.1 FAR

Subject to exceptions as required to deal with anomalies, FAR was frozen for three years from 1 July 2016. Thereafter, it will be subject to annual review.

In FY 2017, substantial changes in the scale and complexity of the Group's business occurred, which changes have substantially increased the responsibilities of certain members of the Executive KMP. The Remuneration Committee has made adjustments to FAR for certain members of the Executive KMP to take account of these substantial changes, which changes to FAR will be effective from 1 July 2017.

Section 7 - Proposed changes to Executive KMP remuneration for FY 2018 (continued)

7.2 STI for Executive KMP (other than the Managing Director (continued)

In FY 2017, the STI for the Executive KMP, other than the Managing Director, provided for payment of a STI of:

Performance (% of EBITDA Target)	STI - Executive KMP (except Managing Director)	Revised Performance (% of EBITDA Target)	Revised STI - Executive KMP (except Managing Director)
<95%	Nil	<95%	Nil
95%	15% of FAR	95%	15% of FAR
96 to 100%	15% plus 1% for each 1%	96 to 100%	15% plus 1% for each 1%
100%	20% of FAR	100%	20% of FAR
>100%	20% plus 0.5% for each 1% (capped at 45% of FAR)	>100%	20% plus 0.83% for each 1% (capped at a maximum of 45% FAR)

In FY 2018, where performance exceeds the EBITDA target by in excess of 100%, the Executive KMP will receive an increased STI payment (as detailed above). However, the STI will remain capped at a maximum of 45% of FAR. The change to the STI arrangements for the Executive KMP brings it into line with the STI performance target for the Managing Director (with the exception that the maximum cap for the Managing Director is 70% of FAR).

7.3 - LTI for Executive KMP (other than the Managing Director)

The Remuneration Committee is proposing to change the LTI for the Executive KMP for FY 2018 and beyond.

Under the present LTI, in FY 2018, the Executive KMP participants would be offered shares equal to 15% of their FAR, which shares would vest in three equal tranches over three years (2018, 2019 and 2020) subject to Company's TSR for each 24-month period ending on 30 June 2018, 2019 and 2020 exceeding the median TSR of the designated peer group of listed companies.

Under the new plan, in FY 2018 the Executive KMP participants will be offered shares equal to an agreed percentage of their FAR which will vest in three years subject to the Company's performance against two hurdles - a performance condition (EBITDA) (50%) and a market condition (Webjet's TSR) (50%), with performance measured at the end of Year 3. The hurdles will be structured such that out-performance against the agreed hurdles will give the Executive KMP participants the opportunity to increase their LTI entitlement to a higher percentage of FAR than 15%.

Details of the revised LTI arrangements for the Executive KMP (other than the Managing Director) will be advised to the market when the arrangements are finalised (which is expected to be in the near future).

This Remuneration Report was approved by the Board on the 7th September 2017 and has been signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the Corporations Act 2001 (Cth).

Corporate Governance Statement

1 Governance at Webjet

Introduction

For the purposes of this Corporate Governance Statement the terms "Webjet" and "Company" refer to Webjet Limited and "Group" refers to Webjet Limited and its controlled entities.

Webjet is an on-line travel company. In the FY 2017 financial year, its customers undertook over 2.8 million bookings (involving a total transaction value (TTV) of in excess of A$2.04 billion) on its on-line platforms. The total number of bookings and TTV have grown by 31.8% and 25.3% respectively in the financial year under review.

Webjet's governance practices have demonstrably supported the business and its growth by facilitating effective board and management decision making, providing clear lines of responsibility and accountability and a commitment to transparent communications with shareholders and other stakeholders.

This Corporate Governance Statement explains the corporate governance framework and practices adopted by Webjet. In developing this framework, the Board has had regard to the corporate governance standards published in the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (ASX Recommendations) and to the governance standards adopted generally by companies of a similar size to Webjet.

Under ASX Listing Rule 4.10.3, ASX-listed entities are required to benchmark their corporate governance practices against the ASX Recommendations. The ASX recommendations are available at http://www.asx.com.au/documents/asx-compliance/cgc-principles-and-recommendations-3rd-edn.pdf

Webjet complies with all ASX Recommendations apart from the following:

- Recommendation 2.1 - During FY 2017, the Board did not have a Nomination Committee. All matters pertaining to the composition of the Board, Board renewal and performance were dealt with by the entire Board. In light of the Company's transition into the ASX 200, the Board will have a Remuneration and Nomination Committee for FY 2018.

- Recommendation 7.1(a)(1) - during the relevant financial year, the Risk Committee comprised 2 members only. The Board has opted to have separate Audit and Risk Committees, with each Non-Executive Director appointed to one of the two Committees. The rationale is that having separate committees allows better use of the time and resources available and each committee can better focus on its respective responsibilities

Copies of the Board Charter and all other corporate governance policies referred to in this Corporate Governance Statement can be found in the corporate governance section of the Company’s investor website (www.webjetlimited.com).

2 Board of Directors

Overview of the Board

(a) The Board currently comprises six Directors, including five Non-Executive Directors. The Directors are:

(i) Roger Sharp Chairman and Independent Non-Executive Director (Age: 56)
(ii) John Guscic - Managing Director (Age: 53)
(iii) Don Clarke - Independent Non-Executive Director (Age: 63)
(iv) Brad Holman - Independent Non-Executive Director (Age: 55)
(v) Shelley Roberts - Independent Non-Executive Director (Age: 42)
(vi) Rajiv Ramanathan - Independent Non-Executive Director (Age: 48)

(b) Further details of the Directors can be found on page 4. These details include the period of office for each Director, their age and qualifications, experience, special responsibilities and other listed company directorships.

Structure and composition of the Board

Webjet is committed to ensuring that the composition of the Board includes Directors who bring an appropriate mix of skills, experience, expertise and diversity to Board decision making.

The Board has collective business expertise in the areas of travel, digital and on-line businesses, consumer businesses, finance, law, accounting, sales and marketing, operational and project management. Further, members of the Board have experience in the countries in which Webjet has business assets and activities (Australia, New Zealand, Asia, Middle East and Europe).

2 Board of Directors (continued)

Structure and composition of the Board (continued)

Conduct of Board's business

In addition to formal Board meetings (and Committee meetings) which are held through out the year, the Directors are in continuous communication on all material and strategic matters. These communications, which are generally conducted by telephone and email, occur frequently and provide for a transparent flow of strategic and operational information and data between the Directors. This level of communication requires significant time commitment and involvement on the part of all Directors (especially the Chairman) and is one of the key elements of Webjet's success.

Director skills, experience and attributes

The Board considers that a diversity of skills, backgrounds, knowledge, geographic location and gender are important in order to effectively govern the Company and its business. The Board has worked, and will continue to work, to ensure the Board has the right balance of skills, experience, independence and business knowledge necessary to discharge its responsibilities in accordance with the appropriate standards of governance.

To govern Webjet effectively, the Non-Executive Directors must have a clear understanding of the Company's overall strategy, together with knowledge about the business and the environment in which it operates. Non-Executive Directors must be sufficiently familiar with Webjet's core businesses to be effective contributors to the development of strategy and to monitoring performance. They must be familiar with, and understand, the risks that Webjet faces and the processes in place to mitigate and manage those risks.

The Webjet Board operates on a consensus basis. As such, in performing their role as Non-Executive Directors, each Director must commit to the collective decision-making processes of the Board. They must be willing to debate issues openly and constructively, and be free to question or challenge the opinions of others. They must be clear communicators and, equally, good listeners who contribute to the Board in a collegial manner. Each Director must ensure that no decision or action is taken that places his or her interests in front of the interests of Webjet.

The Board considers that its Directors and senior management have the combined skills and experience to discharge their respective individual and combined responsibilities in a publicly listed, global on-line travel company.

Roger Sharp and Brad Holman have a deep knowledge and understanding of Webjet's business through prior roles in other on-line businesses in similar business sectors. In addition, each brings to the Company broad management, commercial and operational experience in the travel sector and in the regions where Webjet operates, especially in Australia, New Zealand and Asia.

Shelley Roberts has extensive commercial and operational experience in the travel sector through prior management roles at Tiger Airways Australia, easyJet, Macquarie Airports, Sydney Airport and her present role as the Managing Director at Compass Group. Shelley's appointment as a Non-Executive Director has enhanced the diversity and finance, accounting and operational management experience of the Board.

Don Clarke, who was a corporate partner of the international law firm, Minter Ellison, for 27 years prior to his retirement from the partnership in June 2015, brings to the Board a wealth of knowledge and experience of the commercial, legal and governance framework within which the Company operates.

John Guscic, the Managing Director, has over 20 years' experience in the travel industry (including over 10 years at Webjet, initially as a Non-Executive Director and, more recently, as its Managing Director). He has particular knowledge and expertise in the B2B hotel sector from his prior roles with a major international web-beds organisation.

Rajiv Ramanathan, appointed 21 June 2017 has 20 years of experience in industries spanning payments, enterprise software and management consulting. Based in Singapore, Rajiv is Group Country Manager, Regional South East Asia, with Visa Inc. Prior to Visa, he held roles at Ariba (an SAP company) and has also worked as a consultant at the Boston Consulting Group. Rajiv has worked extensively in markets across Asia, Africa, North and South America.

Table 1 sets out the skills and experience considered by the Board to be important for its Directors to have collectively.

In addition to the skills and experience set out in Table 1, the Board considers that each Director has the following attributes:

(i) honesty and integrity;
(ii) the ability to think strategically;
(iii) an ability to consider materiality and risk tolerance as key considerations in decision making;
(iv) the time available to devote to Webjet's business;
(v) a willingness to question, challenge and critique;
(vi) a willingness to understand and commit to the highest standards of governance;
(vii) an understanding of the key drivers of the Webjet businesses; and
(viii) a proven track record of creating value for shareholders.

2 Board of Directors (continued)

Structure and composition of the Board (continued)

In the case of the Managing Director, he also brings additional perspectives to the Board through a deeper understanding of the Webjet Group's business and operations.

All Directors are expected to use their range of relevant skills, knowledge and experience and to apply their judgement to all matters discussed at Board meetings.

The following table sets out the mix of skills and experience that the Board considers necessary or desirable in its Directors and the extent to which they are represented on the Board and its committees.

Table 1 - Director skills / experience matrix

Skills/Experience	Board	Audit Committee	Risk Committee	Remuneration Committee
Total number of Directors	6 Directors	3 Directors	2 Directors	3 Directors
Executive Leadership Sustainable success in business at a senior level in a successful career	6	3	2	3
Global experience Senior management or equivalent experience in global businesses, exposed to a range of political, cultural, regulatory and business environments	6	3	2	3
Strategy/risk Developing and implementing a successful strategy (including appropriately probing and challenging management on the delivery of agreed strategic planning objectives) over the long-term	6	3	2	3
Corporate governance and compliance Commitment to high standards of governance, business ethics and regulatory compliance	6	3	2	3
Financial acumen Senior management or equivalent experience in financial accounting and reporting, corporate finance and internal financial controls, including ability to probe the adequacies of financial and risk controls	6	3	2	3
Commercial capability Broad range of commercial skills and experience, including strategy and development, acquisitions and divestments, negotiation, planning and execution phases.	6	3	2	3
Marketing and communications Senior management or equivalent experience in experience in marketing and a detailed understanding of the steps required to create long term shareholder value through delivery of on-line consumer transactions and customer service	5	3	1	2
Regulatory affairs Experience in regulatory policy, retail and wholesale transactional business laws and policies	6	3	2	3

2 Board of Directors (continued)

Structure and composition of the Board (continued)

The Webjet Board represents a range of backgrounds. Future Director appointments provide an opportunity to appoint additional international and/or female Directors to the Board, depending on the availability of candidates from time to time and the Board's assessment of the geographic, skills, experience and diversity needs of the Company.

Renewal

The Board has actively and effectively planned for its succession. The Board believes that orderly succession and renewal are only achieved as a result of review and careful planning over a period of time. In doing this, the Board:

(i) considers the skills, backgrounds, knowledge, experience and diversity of geographic location, nationality and gender necessary to allow it to meet the corporate purpose;
(ii) assesses the skills, backgrounds, knowledge, experience and diversity currently represented;
(iii) identifies any inadequate representation of those attributes and agrees the process necessary to ensure a candidate is selected who brings them to the Board; and
(iv) reviews how Board performance might be enhanced, both at an individual Director level and for the Board as a whole.

If a need for change is identified, the Board conducts appropriate background and reference checks before the candidate is appointed to the Board.

The Board has a standard letter of appointment that contains the terms on which Non-Executive Directors will be appointed, including the basis upon which they will be appointed, paid, insured and indemnified. The letter of appointment clearly defines the role of Directors, including the expectations in terms of participation, time commitment and conflicts. In summary, all Directors are expected to constructively challenge; set the values and standards for Webjet; monitor the performance of management and Webjet itself; satisfy themselves as to the adequacy and integrity of Webjet's financial statements and satisfy themselves that the systems for the identification and management of risks are robust and appropriate. The letter of appointment also makes it clear that Directors are required to disclose circumstances that may affect, or may be perceived to affect, their ability to exercise independent judgement so that the Board can assess independence on a regular basis.

Inclusion and diversity

The Board is committed to ensuring diversity is actively pursued and implemented in terms of Board composition. Diversity is a core consideration in ensuring that the Board and its committees have the right balance of skills, experience, independence and Group knowledge necessary to discharge their responsibilities.

The Board believes that many facets of diversity are required in order to meet the corporate purpose. In that context, diversity is not restricted to gender. It also includes geographic location, nationality, skills, background, knowledge, experience and outlook.

The right blend of perspectives is critical to ensuring the Board oversees Webjet effectively for the benefit of its shareholders. In addition, and supporting the achievement of diversity across the Group, the Board also believes in the importance of creating an inclusive work environment.

Webjet is a global business. As a result, while there is always scope for further improvement, the Webjet Group already has a very diverse workforce in terms of its geographic locations, nationalities, skills, backgrounds, knowledge and experience. Webjet also actively promotes gender equality (in respect of employment terms and payment) across its workforce. Further information relating to diversity, including details of the proportion of women in our workforce and in senior management positions within the Webjet Group, is set out in section 5 of this Report.

Role and responsibilities of the Board

The role of the Board is to represent shareholders and to promote and protect the interests of Webjet.

The Board governs with regard to the interests of our shareholders (as a whole), our business and financial partners, our employees and our customers.

The Board, through its Chairman and Managing Director, aims for and seeks to instil within the Company a culture of excellence, quality, customer care and service, respect, integrity and trust. It has over many years implemented and managed extensive internal and external quality reviews designed to further these objectives.

The Board Charter sets out the Board’s role and responsibilities and describes those matters expressly reserved for the Board and those matters delegated to management (principally the Managing Director).

The Managing Director has responsibility for the day-to-day management of the Group, and is supported in this function by the Company's senior executive team, which is appointed and functions by reference to geographic, business unit and functional requirements. However, the ultimate responsibility for governance and strategy rests with the Directors.

2 Board of Directors (continued)

Role and responsibilities of the Board (continued)

The Board has specifically reserved certain matters for its decision. It delegates authority for all other matters that are necessary for the management of the Company's business to management (through the Managing Director) within authority limits approved from time to time.

The responsibilities reserved by the Board for its decision include:

(i) reviewing, ratifying and overseeing systems of risk management and internal control and ethical and legal compliance, including matters of health, safety, environment and community;
(ii) capital management and decisions regarding major capital expenditure, acquisitions and divestitures;
(iii) developing and reviewing the application of corporate governance principles and policies, including approval of the Company's diversity policy and measurable objectives for achieving broad diversity across Webjet;
(iv) approving material documents such as financial statements;
(v) appointing and conducting performance appraisals of the Managing Director and overseeing succession planning for the Managing Director and the Board; and
(vi) reviewing and approving material contractual arrangements, remuneration and benefits in relation to the Managing Director and general oversight of the contractual arrangements, remuneration and benefits in relation to the other members of the senior executive group.

Independence

The Board Charter requires that a majority of Directors (including the Chairman) be independent.

The independence of a Director is assessed according to Webjet's Policy on Independence of Directors, which is available on the Company's investor website - https://www.webjetlimited.com/corporate-governance/

The assessment is carried out on appointment, annually and when a Director's circumstances change in a manner that warrants re-assessment.

The prime test of independence used by the Board to determine a Director's independence is whether the Director is 'independent of management and of any business interest, position, association or other relationship that could materially influence (or be reasonably perceived to materially influence) the exercise of objective, unfettered or independent judgement by the Director or the Director's ability to act in the best interests of Webjet or its shareholders generally'.

When making assessments of independence, the Board takes into account all relevant facts and circumstances. For the purpose of testing materiality, the Board uses a benchmark of 1% - i.e. a supplier to, or customer of, the Webjet Group will be material if transactions with that person account for more than 1% of the Webjet Group's expenditure or more than 1% of that person's consolidated gross revenue.

The Board has reviewed the independence of each of the current Directors and determined that all of the continuing Non-Executive Directors are independent.

John Guscic is not considered independent as he is the Managing Director and a member of Webjet's management.

Where a Director is considered by the Board to be independent, but is affected by circumstances that appear relevant to the Board's (or other person's) assessment of independence, the Board has undertaken to explain the reasons why it reached its conclusion. In applying the independence test, the Board considers relationships with management, major shareholders, subsidiary and associated companies and other parties with whom Webjet transacts business against pre-determined materiality thresholds, all of which are set out in the policy. A summary of the factors that may be perceived to impact the independence of certain Directors is set out below.

Relationships and associations

Don Clarke was a Partner of the law firm, Minter Ellison, until 30 June 2015. Since that date, he has been (and continues to be) a consultant to that firm. Consistent with the policies of Minter Ellison, Don Clarke has not, since his appointment as a Director in 2008, been involved in the provision of legal advice by that firm to Webjet. In addition, neither his remuneration as a partner nor as a consultant of that firm has been or will in the future be dependent on the professional fees paid by Webjet to Minter Ellison. Further the amount charged for the services provided by Minter Ellison was not material (within the context of the materiality benchmarks set by the Board) to either Webjet or Minter Ellison. For those reasons, despite the fact that Don Clarke has been a partner of a professional services provider within the last three years (which under the ASX Recommendations is a factor to be taken into account in determining a director's independence), the Board regards him as independent and able to act in the best interests of Webjet.

In this context, the Board also notes that Minter Ellison is not the only law firm to provide legal services to the Webjet Group in the current year and that, commensurate with the expanded nature and scope of its businesses, Webjet has moved to a legal panel arrangement for the provision of legal services.

2 Board of Directors (continued)

Relationships and associations (continued)

APD Acquire Pty Ltd (APD), a subsidiary of Asia Pacific Digital Limited of which Roger Sharp is a director, was paid $36,364 (2016: $50,031) during the year for services supplied to Webjet. Commercial arrangements with APD were terminated in FY 2016 but final payment occurred in August 2016. It is not intended that that entity, or any other entity associated with Mr Sharp, will provide services to Webjet in the future. All transactions were concluded on a commercial arm's length basis and charged accordingly and the amount charged for the services supplied by APD to the Company was not material to either party. The Board does not consider that the prior commercial relationship between Webjet and companies associated with Mr Sharp interferes in any way with the exercise by him of his objective, unfettered and independent judgement or his ability to act in the best interests of Webjet.

The Board considers the business, legal and financial acumen and experience of each of its Non-Executive Directors to be important in the discharge of the Board's responsibilities.

For the reasons set out above, the Board has both assessed Roger Sharp and Don Clarke (notwithstanding the existence of the matters disclosed above), as well as Shelley Roberts, Brad Holman and Rajiv Ramanathan as independent and the membership of each of them on the Board is considered by the Board to be appropriate and desirable.

Chairman

The Chairman of the Board is Roger Sharp. He has been a Non-Executive Director of the Company since January 2013, and was elected to the role of non-executive Chairman on 21 June 2017.

The principal role of the Chairman is to provide leadership to the Board, to ensure the Board works effectively and discharges its responsibilities, and to encourage a culture of openness, debate, performance and collegiality. The Board's policy is that the Chairman ought not be the same person as the Managing Director to ensure there is effective Board oversight of management's activities.

The Chairman:

(i) represents the Board to the shareholders and communicates the Board's position;
(ii) serves as the primary link between the Board and management; and
(iii) sets the agenda for Board meetings (in consultation with the Managing Director and the other Directors) and is responsible for ensuring that all Directors are adequately briefed in relation to issues addressed at Board meetings.

The Board is conscious of the time commitment required of Directors and, in particular, of the Chairman. The Board is satisfied that Roger Sharp makes sufficient time available to serve Webjet effectively and that none of Roger Sharp's other commitments interfere with the discharge of his responsibilities to the Group.

Senior Independent Director

On 22 February 2017, the Board appointed Brad Holman to the role of Senior Independent Director. He has broad experience in the travel sector and international business, and has been a key contributor to the board since his appointment in March 2014. Mr Holman is also in a position where he can manage his time and other commitments in a way that enables him to be readily available for his Board duties (including his role as Senior Independent Director).

Mr Holman is available to shareholders who have concerns that cannot be addressed through the Chairman, the Managing Director or the Chief Financial Officer. As Senior Independent Director, he also provides a sounding board for the Chairman and serves as an intermediary for other Directors (if necessary).

Director appointment, election and re-election

No resolution for the appointment of any candidate to the Board will be put before the Board for approval without extensive and appropriate background and reference checks taking place. Similarly, before a Director's election or re-election at an AGM, the performance of the relevant Director will be evaluated and all information relevant to the election or re-election will be provided to the shareholders.

All new Non-Executive Directors are required to sign a letter of appointment that sets out the terms and conditions of their appointment, including their role and responsibilities, time commitment envisaged and the requirement to participate in a performance evaluation process. On appointment, all new Non-Executive Directors are briefed fully on the business and strategic plans of Webjet and, on an on-going basis, are required to commit the time necessary to develop and maintain the skills and knowledge needed to perform their role effectively.

Under Webjet's Constitution, with the exception of the Managing Director, Directors may not hold office without re-election beyond the third Annual General Meeting (AGM) following their election or most recent re-election.

Any Director appointed to fill a casual vacancy since the previous AGM must submit themselves to shareholders for election at the next AGM.

2 Board of Directors (continued)

Director appointment, election and re-election (continued)

Of the Directors:

(i) Rajiv Ramanathan, having been appointed by the Board in June 2017 to fill a casual vacancy, will stand for election at the 2017 AGM; and
(ii) to facilitate an orderly rotation among the other Non-Executive Directors, Don Clarke and Brad Holman will retire from the Board and will offer themselves for re-election at the 2017 AGM.

Webjet will provide its shareholders with information relevant to a Director's election or re-election in the Notice of Meeting for an AGM.

Board, Committee and Director evaluations

The Webjet Board is committed to transparency in determining Board membership and in assessing the performance of the Board, Board Committees and individual Directors.

The Board conducts annual evaluations of its performance, the performance of its committees, the Chairman, individual Directors and the governance processes that support the Board's work. The Board evaluation process comprises both assessment and review. This includes analysis of how the Board and its Directors are functioning, the time spent by the Board considering matters and whether the terms of reference of the Board committees have been met, as well as compliance with the Board Charter.

The evaluation considers the balance of skills, experience, independence and knowledge of the Company and the Board, its overall diversity, including gender, and how the Board works together as a unit.

3 Board Committees

Overview

To assist the Board in discharging its responsibilities effectively and efficiently, the Board has established three Board Committees. This allows for additional and more focused time to be spent on specific matters.

The three permanent Board Committees are the:

(i) Remuneration Committee;
(ii) Risk Committee; and
(iii) Audit Committee

Each Committee operates within its Board-approved charter, which sets out the roles, responsibilities, membership requirements and meeting procedures for the relevant Committee. Each Committee charter is reviewed regularly and is updated as required. A copy of the charter of each of the Committees is available in the Corporate Governance section of the Company's investor website.

Each Committee meets as frequently as required but generally not less than twice a year.

Board Committee	Audit	Remuneration	Risk
No. of meetings held during the year	3	2	7

All Directors have a standing invitation to attend Committee meetings with the consent of the relevant Committee Chair. Papers prepared for the Committees are made available to all Directors and reports of Committee meetings are provided to the Board.

Remuneration Committee

Membership and attendees

Under the Remuneration Committee charter, the Committee must consist of at least three members and be comprised of only Non-Executive Directors, a majority of whom must be independent Directors (including the Committee Chairman).

The Committee currently comprises three independent Non-Executive Directors:

(i) Don Clarke - independent Non-Executive Director - Chair;
(ii) Shelley Roberts - independent Non-Executive Director; and
(iii) Brad Holman - independent Non-Executive Director.

Members of the senior management team support the work of the Committee and are invited to attend Committee meetings as required. No senior management team member is present when their remuneration is considered and discussed.

3 Board Committees (continued)

Remuneration Committee (continued)

Role and responsibility

The Committee assists the Board in overseeing the:

(i) remuneration policy and framework (including short and long-term incentive plans), its specific application to the Managing Director and its general application to all members of the senior management team and, as appropriate, employees;
(ii) the adoption, operation and administration of all annual and longer term incentive plans;
(iii) the determination of levels of reward for the Managing Director and general overview of the levels of reward for the Managing Director's direct reports;
(iv) the annual evaluation of the performance of the Managing Director (via the Chairman of the Company);
(v) the Company's compliance with applicable legal and regulatory requirements associated with remuneration matters;
(vi) preparation of the Remuneration Report; and
(vii) communication to shareholders and other stakeholders on remuneration policy and the Committee's work on behalf of the Board.

The Remuneration Committee met 2 times during the year. Information on meeting attendance by Committee members is included in the table on page 10 in the Directors' Report.

Further details regarding the role and activities of the Remuneration Committee are provided in the Remuneration Report included within this Annual Report.

In light of the Company's transition into the ASX 200, after Balance Date the Board resolved to expand the role of the Remuneration Committee, which is now being reconstituted as the Remuneration and Nomination Committee. The Committee's charter will be available in the Corporate Governance section of the company's investor website.

Audit Committee

Membership and attendees

Under the Audit Committee charter, the Committee must consist of at least three members. Its members must be Non-Executive Directors (a majority of whom must be independent) and have an independent Chairman (who is not the Chairman of the Board). The Committee members must between them have financial and accounting expertise and a sufficient understanding of the industry in which Webjet operates to be able to discharge the Committee's mandate effectively.

The Committee currently comprises three Non-Executive Directors:

(i) Brad Holman - independent Non-Executive Director - Chairman;
(ii) Shelley Roberts - independent Non-Executive Director; and
(iii) Rajiv Ramanathan - independent Non-Executive Director.

Details of the relevant qualifications and experience of the members of the Audit Committee can be found on page 4 of the Directors' Report.

The Managing Director and his nominees, principally the Chief Financial Officer (CFO), support the work of the Committee and are regularly invited to attend and present at Committee meetings.

The Committee also meets with the External Auditor, both with and without members of management being present, on a regular basis and whenever deemed appropriate by the Committee Chairman.

Role and responsibility

The Committee assists the Board in overseeing (amongst other things):

(i) the integrity of the Webjet Group's financial statements and financial reporting;
(ii) the appointment, remuneration, qualifications, independence and performance of the External Auditor and the integrity of the audit process as a whole;
(iii) reviews and monitors the provision of additional services (if any) by the External Auditor;
(iv) the effectiveness of the systems of internal financial control and risk management;
(v) plans, performance, objectivity and leadership of the internal financial control and audit functions and the integrity of the internal financial control and audit process as a whole;
(vi) systems for compliance with applicable legal and regulatory requirements within the Committee's area of responsibility;
(vii) capital management (funding, liquidity, balance sheet management, dividends); and
(viii) other matters requiring the approval of the Committee under its charter or referred by the Board from time to time.

The Audit Committee met 3 times during the year. Information on meeting attendance by Committee members is included in the table on page 10 of the Directors' Report.

3 Board Committees (continued)

Audit Committee (continued)

In addition to its regular business, the Audit Committee discussed matters including compliance, adequacy of the internal accounting and finance resources and taxation. It also assisted the Board in assuring the integrity of the Group's financial statements, by making recommendations to the Board about the appropriateness of accounting policies and practices, areas of judgement, compliance with Accounting Standards, stock exchange and legal requirements and the results of the external audit.

The Audit Committee reviews the half-yearly and annual financial statements and makes recommendations on specific actions (including formal adoption of the financial statements and reports) or decisions the Board should consider in order to maintain the integrity of the financial statements.

The Audit Committee also continues to monitor regulatory developments in relation to the audit regime and the role of audit committees, and will continue to review and assess how changes in such matters are likely to impact the Webjet Group in the future.

Risk Committee

Membership and attendees

Under the Risk Committee charter, the Committee must consist of not less than two Non-Executive Directors (unless otherwise determined by the Board).

The Committee currently comprises two Non-Executive Directors, both of whom are independent:

(i) Don Clarke - independent Non-Executive Director; and
(ii) Roger Sharp - independent Non-Executive Director.

The Managing Director and his nominees, principally the Group Chief Commercial Officer and the CFO, support the work of the Risk Committee and are invited to attend and present at Committee meetings as required.

Role and responsibility

The Committee assists the Board in overseeing the:

(i) the appropriateness of the Webjet's strategic direction in light of the economic, social, political, cyber, legal and regulatory environments in which it operates;
(ii) the identification of material business risks and priorities (in terms of relative risk levels) and allocating resources effectively and efficiently;
(iii) procedures for identifying business and operational risks (including cyber security risks) and controlling their financial impact on the Webjet and the operational effectiveness of policies and procedures relating to risk and control;
(iv) the operating effectiveness of the systems of internal financial control and risk management;
(v) overseeing the adequacy of internal controls and allocation of responsibilities for monitoring internal business, IT and financial systems and controls;
(vi) the arrangements for protecting intellectual property, confidential and private customer information and other non-physical assets;
(vii) procedures for ensuring compliance with relevant regulatory and legal requirements, including OH&S laws and regulations;
(viii) policies and practices for detecting, reporting and preventing fraud and serious breaches of business conduct procedures and controls;
(ix) a risk assessment (risk identification, risk analysis, including the likelihood and impact assessment, and risk evaluation) for material risk issues;
(x) the design, implementation, operation and assessment of controls to ensure residual risks are tolerable;
(xi) resources are acquired economically, used efficiently and adequately protected;
(xii) the adequacy of the coverage and quantum of insurance arrangements of Webjet; and
(xiii) other matters requiring the approval of the Committee under its charter or referred by the Board from time to time.

The Risk Committee met 7 times during the year. It conducted numerous reviews of the effectiveness (and appropriateness) of Webjet's systems of risk management and internal controls. The reviews covered financial, operational and compliance controls and risk assessment. Management presented information as required by the Committee on material risks facing Webjet, the level of effectiveness of risk management over the material business risks and the insurance coverage held by the Company. The Board is satisfied that:

(i) the effectiveness of the internal controls and risk management procedures have been properly reviewed; and
(ii) the material business risk issues within Webjet Group identified by management, the Risk Committee and the Board are constantly reviewed, analysed and assessed in a consistent manner.

In addition to the work of the Risk Committee, the Board reviews and considers the Group's risk profile on a regular basis to ensure it supports the achievement of Webjet's strategy, including determining the nature and extent of risks the Board is prepared to take in the pursuit of our objectives. The Board is also responsible for reviewing, endorsing and overseeing the Company's risk management framework, at least annually, and satisfying itself that it continues to be sound and that Webjet is operating within the risk tolerance levels determined by the Board.

4 Promoting Responsible and Ethical Behaviour

The Webjet Group has established various policies and procedures that set out its values and expectations as to how the Company and its employees will work and behave towards each other.

Code of Business Conduct

The Webjet Code of Conduct (the Code) represents a commitment by all Directors and senior management to uphold ethical business practices and meet or exceed applicable legal requirements. It sets the standard for behaviour and provides guidance which in turn assists in building trusting relationships with suppliers, business partners, customers and shareholders.

Webjet has independent external systems in place for employees and contractors to be able to anonymously report concerns regarding the behaviour of employees, or those representing Webjet, in a way that protects their identity.

Failure to comply with the Code is viewed as a serious matter, which may lead to disciplinary action, including dismissal and/or legal action.

A copy of the Code can be found on Webjet's investor website in the Corporate Governance section.

Anti-corruption

Webjet has zero tolerance for unfair and/or unethical conduct in its business. It believes that acting fairly and ethically promotes and will create value for our business partners, customers, suppliers and shareholders.

Webjet recognises that compliance with local and international bribery and anti-corruption laws is essential to protect its reputation and to preserve its ability to build its business in the on-line sector. Webjet prohibits facilitation payments and the authorising, offering, giving or promising anything of value directly or indirectly (via a third party) to government officials to influence official action, or to anyone to encourage them to perform their work disloyally or otherwise improperly.

Conflicts of interest

General guidelines in relation to managing conflicts of interest can also be found in the Code, and a number of measures have been adopted to ensure compliance.

Employees and agency contractors are required to record any actual conflict of interest or any appearance of one.

In accordance with the requirements of the Australian Corporations Act 2001, Directors who have a material personal interest in a matter that is being considered at a Directors' meeting must not be present while the matter is being considered. The other Directors may, however, allow such Directors to participate and vote in relation to the issue if they are satisfied that the interest should not disqualify the Director(s) from voting or being present.

Dealings in Webjet securities

Webjet has adopted a Share Trading Policy with the purpose of:

(i) ensuring that public confidence is maintained in the reputation of the Webjet Group, its Directors and employees and in the trading of the Company's securities;
(ii) explaining the Company's policy and procedures for the dealing in securities; and
(iii) recognising that some types of dealing in securities are also prohibited by law.

The Share Trading Policy applies to all Directors, members of the senior management team and other employees who have been advised by the Company Secretary that they are subject to the requirements of this Policy.

All persons to whom the Policy is applicable (and their associates - which includes certain family members and entities that such persons have the ability to control) must not deal in the Company's securities during certain blackout periods from:
(a) 1 January and the date of the release of the Company's half year results to ASX;
(b) 1 July and the date of the announcement of the Company's full year results to ASX; and
(c) 12.01am on the preceding day and one hour after each of the following events:
  (i) publication by ASX (on the Company Announcement Platform) of the Company's half year results;
  (ii) publication by ASX (on the Company Announcement Platform) of the Company's full year results; and
  (iii) the formal convening of each annual general meeting of the Company; and
(d) any other period specifically designated by the Board to be a 'Blackout Period'). There are limited exceptions. Outside of the blackout periods, such persons must notify the Company and/or seek prior approval for a proposed dealing in the Company's securities.

4 Promoting Responsible and Ethical Behaviour (continued)

Dealings in Webjet securities (continued)

The Share Trading Policy also sets out Webjet's policy on hedging arrangements, further details of which are set out the Remuneration Report included in this Annual Report.

A copy of the Share Trading Policy can be found in Corporate Governance section of Webjet's investor website.

Market Disclosure and Communications with Shareholders

Webjet places material importance on effective communication with its shareholders, prospective shareholders and market participants and is committed to promoting high standards of disclosure to ensure that trading in Webjet's shares occurs in an efficient and well-informed market.

Market disclosure and communications

Webjet has disclosure obligations under Australian law and regulations (i.e. Corporations Act and ASX Listing Rules).

To safeguard the effective dissemination of information and to ensure that Directors and employees are aware of their obligations, Webjet has adopted a Market Disclosure and Communications Policy that outlines:

(i) the procedures adopted by the Company for meeting its disclosure requirements;
(ii) the roles and responsibilities of the Board, Managing Director and Company Secretary in ensuring Webjet complies with its disclosure obligations; and
(iii) the standards Webjet adopts for ensuring effective communication with shareholders and market participants.

All employees play an important role in enabling Webjet to comply with these obligations and all steps in the disclosure process are aimed at ensuring that information that may need to be disclosed is reported in a timely manner.

A copy of the Policy can be found on the Corporate Governance section of Webjet's investor website.

Shareholder engagement

Webjet is committed to effective two-way communication with shareholders and other financial market participants through our investor relations, electronic communications and engagement programmes.

Our investor relations programme aims to allow investors and other financial market participants to gain a greater understanding of our business, governance, financial performance and prospects. It provides a forum for investors and other financial market participants to express their views to us on matters of concern and interest to them.

Our investor relations team assess and evaluate shareholder feedback, received through calls to them, question and answer sessions at the AGM and questions raised at investment briefings.

Shareholders can request to receive shareholder communications electronically.

Engagement between our Directors, shareholders and other financial market participants is an important part of our communication process. It assists in building awareness, alignment and better long-term relationships. While acknowledging and valuing continuous disclosure obligations, it is important for Directors and the Board to understand different perspectives of the various stakeholders and be prepared to respond to feedback.

Webjet is now committed to a program of engagement with shareholders and other financial market participants which will involve meetings that encourage constructive dialogue with the Company on the business, financial results, strategy and, as appropriate, governance and remuneration matters.

Feedback from these communication programs is reported to the respective Committees and to the Board. This ensures that all Directors have an understanding of shareholder perspectives on important matters.

Annual General Meeting

The AGM is an important occasion for updating shareholders on the Company's performance. The AGM offers an opportunity for shareholders to ask questions of and to hear from the Board. It also allows the Board to listen to and respond to feedback. If practicable, all Directors and members of the senior management team will attend the 2017 AGM. The External Auditor will also be available to answer questions relevant to the audit.

Voting rights are an important tool for shareholders to cast their views on significant matters affecting Webjet's business.

Market Disclosure and Communications with Shareholders (continued)

The Notice of Meeting will explain how shareholders can appoint proxies and how questions can be registered prior to the meeting. Shareholders will also be able to submit proxies electronically through a link to our share registry.

The AGM will be webcast so that shareholders who are unable to attend the AGM will have the opportunity to listen to the meeting. Copies of the Chairman's and Managing Director's reports to the AGM will be lodged with ASX immediately prior to the meeting, while the results of any voting at the AGM will be lodged with ASX and made available on our website as soon as practicable after the AGM.

5 Diversity and inclusion at Webjet

Our values, along with the Diversity Policy, guide our approach to diversity and inclusion. Webjet believes its success to date relies in part on having a team comprised of the best people, each bringing different skills, perspectives and experiences, and an inclusive work environment where these differences are valued.

Webjet's Diversity Policy was approved by the Board in June 2011 and responsibility for its oversight rests with the Board. A copy of the Policy is available on Webjet's investor website.

Our vision for diversity in Webjet reflects the broadest definition of difference, where we attract, retain and develop people who differ by gender, ethnicity, disability, age, thought, education, experience, family responsibilities and sexuality. Webjet is an on-line travel business with global operations. As a result, it already has a very diverse workforce, not only in terms of gender (refer below) but also in terms of ethnicity, age, education and experience. This applies broadly across the Company, at both management and the more junior employee levels. It is important to Webjet that its workforce reflects the communities in the countries in which it operates.

Despite its existing diverse nature, subject to the overriding objective of always recruiting and retaining the best people, the Webjet Board is determined to further improve the representation of employees from diverse ethnic backgrounds in its workforce and to progress towards balanced gender representation at Board and senior management levels. The Board's measurable objectives for diversity and inclusion reflect these goals and the Board will monitor progress towards achieving these objectives on an annual basis.

The Webjet Code of Conduct states our commitment to equality in employment practices and zero tolerance for harassment or bullying and sets out our expectations of all employees in this regard. As noted, Webjet has an active policy of fairness and equality between genders in terms of payment and work conditions. It seeks neither to intentionally or inadvertently discriminate between genders in respect of payment or work conditions.

Progress during FY2017

While we did not achieve year on year increase in overall female representation in the leadership teams, achieving diversity across the whole workforce continues to be a focus. Gender diversity for the year was as follows:

(i) One of our six Board Directors is female (16.7%)
(ii) Two of the nine members of the senior management team are women (22%). These are the Group Chief Commercial Officer and the Director - Corporate Development. Following the sale of the Zuji business, the Country Manager (Singapore) is no longer in the senior management team.
(iii) Of the total workforce of 772 employees, female representation is 49%

Focus areas for FY2018

Measurable objectives have been set by the Board consistent with our aim to further progress towards balanced gender and ethnically diverse representation across Board, senior management and all other areas of our business.

The Board's primary diversity aims are:

(i) to achieve a year-on-year increase in overall female representation in our leadership teams (Board and senior and regional management teams) to at least 25% by FY2020; and
(ii) to ensure equal access to all employment opportunities at work based primarily on merit.

In addition, Webjet will continue to monitor targets for:

(i) the representation of people from different ethnic backgrounds in our workforce;
(ii) equality of gender and diversity of talent in our recruitment of younger employees; and
(iii) the diversity profile of our leadership teams and of successors for key leadership roles.

We will also continue to monitor compliance with our objective of gender equality in remuneration outcomes and progress in creating an inclusive work environment through our employee surveys.

This Corporate Governance Statement is current as at XX September 2017 and has been approved by the Board on this date.

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	Notes	**Consolidated entity Year ended 30 June 2017 $'000**	30 June 2016 $'000
Revenue	4	**199,219**	152,006
Finance income	5(a)	**3,320**	783
Other income	5(b)	**35,658**	2,544
		238,197	155,333
Cost of providing travel services		**(13,625)**	-
Share of net (loss) of associates accounted for using the equity method	22(b)	**-**	(20)
Employee benefits expense	7	**(56,744)**	(40,566)
Depreciation, amortisation and impairment	7	**(8,223)**	(6,023)
Marketing expenses		**(34,011)**	(29,351)
Operating expenses		**(34,331)**	(30,176)
Options expense	7	**(1,133)**	(118)
Technology expenses		**(8,548)**	(7,125)
Administrative expenses		**(7,234)**	(4,654)
Finance expenses		**(3,386)**	(1,266)
Directors' fees		**(614)**	(475)
Other expenses	7	**(8,752)**	(5,201)
Business acquisition costs		**-**	(247)
Profit before income tax		**61,596**	30,111
Income tax expense	6	**(9,174)**	(8,854)
Profit from continuing operations		**52,422**	21,257
Profit for the period		**52,422**	21,257
Profit is attributable to:			
Owners of Webjet Limited		**52,422**	21,257
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents)	18	**53.79**	26.17
Diluted earnings per share (cents)	18	**52.87**	25.78

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

	Consolidated entity Year ended 30 June 2017 $'000	30 June 2016 $'000
Profit for the period	**52,422**	21,257
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**(1,671)**	569
Changes in fair value of derivatives	**43**	(1,169)
Items that have been subsequently been reclassified to profit or loss		
Foreign exchange gain on disposal of subsidiaries	**(5,569)**	-
Other comprehensive income for the period, net of tax	**(7,197)**	(600)
Total comprehensive income for the period	**45,225**	20,657
Total comprehensive income for the period is attributable to:		
Owners of Webjet Limited	**45,225**	20,657
Total comprehensive income for the period attributable to owners of Webjet Limited arises from:		
Continuing operations	**45,225**	20,657

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

	Notes	Consolidated entity At 30 June 2017 $'000	30 June 2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents	24	**178,125**	116,215
Trade and other receivables	8	**117,372**	80,798
Current tax receivables		**766**	-
Other current assets	10	**20,464**	9,356
Loan receivable - Thomas Cook		**13,297**	-
Total current assets		**330,024**	206,369
Non-current assets			
Other financial assets	9	**255**	255
Investments in associates	22(b)	**-**	88
Other non-current assets		**1,530**	1,528
Deferred tax assets	6(c)	**2,787**	4,854
Property, plant and equipment	11	**11,689**	11,758
Intangible assets	12	**139,428**	160,950
Loan receivable - Thomas Cook		**7,106**	-
Total non-current assets		**162,795**	179,433
Total assets		**492,819**	385,802
LIABILITIES			
Current liabilities			
Trade and other payables	13	**184,593**	146,842
Borrowings	14	**13,170**	38,351
Derivative financial instruments	26(b)	**1,186**	338
Current tax liabilities		**-**	4,771
Provisions	15	**3,999**	4,136
Other current liabilities	16	**22,774**	3,281
Total current liabilities		**225,722**	197,719
Non-current liabilities			
Deferred tax liabilities	6(c)	**13,139**	11,321
Borrowings	14	**36,300**	17,143
Provisions	15	**1,320**	874
Derivative financial instruments	26(b)	**-**	1,021
Other non-current liabilities		**-**	7,124
Total non-current liabilities		**50,759**	37,483
Total liabilities		**276,481**	235,202
Net assets		**216,338**	150,600
EQUITY			
Share capital	17(a)	**136,453**	101,690
Reserves	17(b)	**(1,522)**	4,768
Retained earnings		**81,407**	44,142
Capital and reserves attributable to owners of Webjet Limited		**216,338**	150,600
Total equity		**216,338**	150,600

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated entity	Notes	Share capital $'000	Available - for-sale financial assets $'000	Cash flow hedges $'000	Share- based payments $'000	Foreign currency translation $'000	Retained earnings $'000	Total $'000
		Attributable to owners of Webjet Limited						
Balance at 1 July 2016		101,690	55	(1,154)	560	5,307	44,142	150,600
Profit for the year as reported in the 2017 financial statements		-	-	-	-	-	52,422	52,422
Other comprehensive income		-	-	43	-	(7,240)	-	(7,197)
Total comprehensive income for the period		**-**	**-**	**43**	**-**	**(7,240)**	**52,422**	**45,225**
Transactions with owners in their capacity as owners:								
Contributions of equity, net of transaction costs and tax	17(a)	30,257	-	-	-	-	-	30,257
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	17(a)	-	-	-	-	-	-	-
Dividends provided for or paid	19	-	-	-	-	-	(15,157)	(15,157)
Issue of shares exercised through options	17(a)	4,280	-	-	-	-	-	4,280
Transfer from share based payment reserve		226	-	-	(226)	-	-	-
Share based payment expense recognised for the year		-	-	-	1,133	-	-	1,133
		34,763	-	-	907	-	(15,157)	20,513
Balance at 30 June 2017		**136,453**	**55**	**(1,111)**	**1,467**	**(1,933)**	**81,407**	**216,338**

Consolidated entity	Notes	Share capital $'000	Available -for-sale financial assets $'000	Cash flow hedges $'000	Share- based payments $'000	Foreign currency translation $'000	Retained earnings $'000	Total $'000
		Attributable to owners of Webjet Limited						
Balance at 1 July 2015		42,779	55	15	862	4,738	34,005	82,454
Profit for the year as reported in the 2016 financial statements		-	-	-	-	-	21,257	21,257
Other comprehensive income		-	-	(1,169)	-	569	-	(600)
Total comprehensive income for the period		**-**	**-**	**(1,169)**	**-**	**569**	**21,257**	**20,657**
Transactions with owners in their capacity as owners:								
Contributions of equity, net of transaction costs and tax	17(a)	40,014	-	-	-	-	-	40,014
Dividends provided for or paid	19	-	-	-	-	-	(11,120)	(11,120)
Issue of shares exercised through options	17(a)	3,040	-	-	-	-	-	3,040
Transfer from share based payment reserve		420	-	-	(420)	-	-	-
Share based payment expense recognised for the year		-	-	-	118	-	-	118
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax		15,437	-	-	-	-	-	15,437
		58,911	-	-	(302)	-	(11,120)	47,489
Balance at 30 June 2016		**101,690**	**55**	**(1,154)**	**560**	**5,307**	**44,142**	**150,600**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Notes	Consolidated entity Year ended 30 June 2017 $'000	30 June 2016 $'000
Cash flows from operating activities			
Receipts from customers		**638,684**	443,087
Payments to suppliers and employees		**(591,488)**	(390,923)
Income taxes paid		**(12,141)**	(5,090)
Interest and other costs of finance paid		**(3,321)**	(1,233)
Interest received		**3,054**	783
Net cash inflow from operating activities	25(a)	**34,788**	46,624
Cash flows from investing activities			
Payments for property, plant and equipment	11	**(5,144)**	(2,543)
Purchase of intangible assets	12	**(12,342)**	(6,531)
Disposal of subsidiaries, net of cash	30	**54,538**	-
Payments for acquisition of subsidiary, net of cash acquired	29	**-**	(58,519)
Dividends received		**142**	100
Net cash inflow (outflow) from investing activities		**37,194**	(67,493)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		**31,510**	45,559
Proceeds from borrowings		**50,493**	34,352
Repayment of borrowings		**(55,599)**	(4,000)
Dividends paid to company's shareholders	19	**(15,157)**	(11,120)
Repayments for related party loan		**1,578**	-
Receipts from loan receivable		**14,298**	-
Payment for loan		**(36,754)**	-
Advances for related party loan		**(1,500)**	(1,500)
Net cash (outflow) inflow from financing activities		**(11,131)**	63,291
Net increase in cash and cash equivalents		**60,851**	42,422
Cash and cash equivalents at the beginning of the financial year		**116,215**	76,230
Effects of exchange rate changes on cash and cash equivalents		**1,059**	(2,437)
Cash and cash equivalents at end of period	24	**178,125**	116,215

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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1 Summary of significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the Consolidated Entity consisting of Webjet Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Webjet Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the Webjet Limited Consolidated Entity also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

These financial statements have been prepared under the historical cost basis, except for the following:

- available-for-sale financial assets, financial assets and liabilities (including derivative instruments) - measured at fair value

(iii) New and amended standards adopted by the group

The group has applied the following standards and amendments for first time in their annual reporting period commencing 1 July 2016:

- AASB 2014-1 *Amendments to Australian Accounting Standards (*including Part A*: Annual Improvements 2010-2012 and 2011-2013 Cycles and* Part B*: Defined Benefit Plans: Employee Contributions - Amendments to AASB 119)*

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods and have not been early adopted by the Consolidated Entity. The Consolidated Entity’s assessment of the impact of these new standards and interpretations is set out below.

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by group
AASB 9 *Financial Instruments*	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.	While the group has yet to undertake a detailed assessment of the classification and measurement of financial assets, the group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets. There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed.	1 July 2018
		The new hedge accounting rules will align the accounting for hedging instruments more closely with the group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. While the group is yet to undertake a detailed assessment, it would appear that the group's current hedge relationships would qualify as continuing hedges upon the adoption of AASB 9. Accordingly, the group does not expect a significant impact on the accounting for its hedging relationships.	
		The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.	

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by group
AASB 15 *Revenue from Contracts with Customers*	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.	Management is currently assessing the effects of applying the new standard on the group's financial statements. At this stage, the group is not able to estimate the effect of the new rules on the group's financial statements. The group will make more detailed assessments of the effect over the next 6 months.	1 July 2018
AASB 16 *Leases*	Requires lessees to recognise assets and liabilities for all leases with a term greater than 12 months on the balance sheet.	Management is currently assessing the effects of applying the new standard on the group's financial statements. At this stage, management do not anticipate the change to have a material impact on the financial statements.	Mandatory for financial years commencing on or after 1 January 2019, but is available for early adoption. Expected date of adoption by the group: 1 July 2019.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(b) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Consolidated Entity, refer to Note 1 (h).

Intercompany transactions, balances and unrealised gains on transactions between Consolidated Entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

(ii) Associates

Associates are all entities over which the Consolidated Entity has significant influence but not control or joint control. This is generally the case where the Consolidated Entity holds of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see below (iii)), after initially being recognised at cost.

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Consolidated Entity's share of the post-acquisition profits or losses of the investee in profit or loss, and the Consolidated Entity's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Consolidated Entity's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Consolidated Entity and its associates and joint ventures are eliminated to the extent of the Consolidated Entity's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

(iv) Changes in ownership interests

When the Consolidated Entity ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Consolidated Entity had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Consolidated Entity's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars ($), which is Webjet Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

1 Summary of significant accounting policies (continued)

(d) Foreign currency translation (continued)

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each consolidated statement of profit or loss and consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(e) Revenue recognition

The Group has concluded that it acts as both agent and principal in providing online travel booking services. Revenue from travel bookings where the Company is acting as agent is recognised when the booking is made by the customer and payment has been received. Commission revenue is recognised upon the provision of the related service. Revenue from travel bookings where the Company is acting as principal is recognised on date of travel and presented in the consolidated income statement and cash flows on a gross basis.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Consolidated Entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Consolidated Entity's activities as described below. The Consolidated Entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The specific accounting policies for the group’s main types of revenue are explained below:

(i) Revenue from travel bookings

Transactions as agent

Revenue from bookings fees on travel bookings is recognised when the booking is made by the customer and payment has been received. Commission revenue is recognised upon the provision of the related service.

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

Transaction as principal

Revenue from sale of travel bookings is recognised on date of travel. Deposits received in advance from customers to secure bookings are deferred on the balance sheet until date of travel where the amounts can be recognised as revenue in the consolidated statement of profit and loss.

(ii) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Consolidated Entity reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(iii) Dividends

Dividends are recognised as revenue when the right to receive payment is established.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

1 Summary of significant accounting policies (continued)

(f) Income tax (continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Webjet Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(g) Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Consolidated Entity as lessee are classified as operating leases (note 21). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Consolidated Entity is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the consolidated balance sheet based on their nature.

(h) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Consolidated Entity, liability incurred by the Consolidated Entity to the former owners of the acquiree and the equity instruments issued by the Consolidated Entity in exchange for control of the acquiree.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Consolidated Entity recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

1 Summary of significant accounting policies (continued)

(h) Business combinations (continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(i) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, other than goodwill, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash generating units). Goodwill is assessed for impairment at the operating segment level. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(j) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See note 8 for further information about the Consolidated Entity's accounting for trade receivables and note 26(d) for a description of the Consolidated Entity's impairment policies.

(l) Investments and other financial assets

(i) Classification

The Consolidated Entity classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period. See note for details about each type of financial asset.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date - the date on which the Consolidated Entity commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

(iii) Measurement

At initial recognition, the Consolidated Entity measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

1 Summary of significant accounting policies (continued)

(l) Investments and other financial assets (continued)

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- for 'financial assets at fair value through profit or loss' - in profit or loss within other income or other expenses
- for available for sale financial assets that are monetary securities denominated in a foreign currency - translation differences related to changes in the amortised cost of the security are recognised in profit or loss and other changes in the carrying amount are recognised in other comprehensive income
- for other monetary and non-monetary securities classified as available for sale - in other comprehensive income.

(iv) Impairment

The Consolidated Entity assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in profit or loss. Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

(v) Income recognition

Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Consolidated Entity reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Dividends

Dividends are recognised as revenue when the right to receive payment is established.

(m) Derivatives and hedging activities

The Consolidated Entity uses derivative financial instruments such as forward foreign currency contracts and interest rate swaps to hedge its risk associated with interest rate and foreign currency fluctuations. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Consolidated Entity designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

The Consolidated Entity documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Consolidated Entity also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

1 Summary of significant accounting policies (continued)

(m) Derivatives and hedging activities (continued)

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 26(f). Movements in the hedging reserve in shareholder's equity are shown in note 17(b). The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expenses.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance costs'. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in profit or loss within 'sales'.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

(ii) Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expenses.

Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other income or other expenses.

(n) Property, plant and equipment

Each class of property, plant and equipment is carried at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciable amount of all classes of property, plant and equipment is depreciated on a diminishing value basis so as to write off the net cost or other revalued amount of each asset over its expected life, or in the case of leasehold improvements the shorter lease term, to its estimated residual value. The depreciation rate used for each class of depreciable asset is:

- Office furniture and equipment 15%
- Computer equipment and software 40%
- Leasehold improvements 20%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(o) Loan receivable - Thomas Cook

The fixed management fee owed to the Company under the Thomas Cook arrangement is classified as loan receivable. Fixed management fees are payable over the transitional period with the last payment due in December 2018. This amount has been classified as non-current in the consolidated balance sheet, with the remainder classified as current.

1 Summary of significant accounting policies (continued)

(p) Intangible assets

Intangible assets with finite lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses and are tested for impairment annually.

(i) Goodwill

Goodwill is measured as described in note 1(h). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 3).

(ii) Trademarks

Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(iii) Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

(iv) Research and development

Research expenditure and development expenditure that do not meet the criteria in (iii) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Consolidated Entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

1 Summary of significant accounting policies (continued)

(s) Provisions

Provisions are recognised when the Consolidated Entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(i) Onerous contracts

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

(t) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the consolidated balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(u) Share-based payments

Senior KMP of the Group receive remuneration in the form of share-based payments, whereby senior KMP render services as consideration for equity instruments (equity settled transactions). The cost of equity settled transactions is determined by the fair value at grant date using an appropriate valuation model, further details of which are provided in note 27 of this report. That cost is recognised in option expense, together with a corresponding increase in equity (equity-settled employee benefits reserve), over the period in which the service and performance conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

(v) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(w) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

1 Summary of significant accounting policies (continued)

(w) Earnings per share (continued)

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(x) Rounding of amounts

The Company is of a kind referred to in Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

(y) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

2 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 needs to exercise judgement in applying the group’s accounting policies.

(a) Significant estimates and judgements

(i) Provision for doubtful debts (note 8)

At 30 June 2017, the Company has provisions for doubtful debts amounting to $2.9m, representing 2% of total trade debtors. In estimating the quantum and nature of the doubtful debt provision, management performs an impairment assessment on individual debtors that are past due, on at least a monthly basis, to determine whether any impairment exist. Where individual invoices are deemed not to be collectable, a specific provision is raised for the amount in dispute. Management also review debtors on a segment level to determine whether a general provision is required to be raised. Key factors that are considered in determining an appropriate level of provisioning include debtor days, seasonality, customer repayment history, geographical regions and size of overall debtor book.

(ii) Affiliate and non-contractual customer relationships (note 12)

In finalising the acquisition accounting for Online Republic Group Limited, the Group has determined that the affiliate and non-contractual customer relationships identified in the purchase of Online Republic are subsets of goodwill.

An independent valuation was obtained for the purchase price accounting of Online Republic Group Limited. The valuation report supported the classification of the affiliate and non-contractual customer relationships as goodwill on the basis that both the contractual and separation criterions were not met. The key factors considered in forming managements’ assessment include:

Affiliate relationships

- Despite a contractual relationship with an affiliate may exist to an extent, the terms and conditions of the agreement between two parties is not considered to be onerous, and only used to set out the pricing;
- The separation criteria is not met as the white labelled websites would not be functional without the back-end systems of Online Republic.

Non-contractual customer relationships

- The customer base is linked to the business of Online Republic as a whole and is difficult to separate.
- The classification adopted is consistent with previous customer related intangible assets recognised as goodwill.

It is on this basis, that the Group has determined that the affiliate relationships and non-contractual customer relationships are closely connected with the inherent goodwill identified in the business, and therefore represents a subset of goodwill. The carrying value of goodwill at 30 June 2017 in relation to Online Republic was $58.4m AUD.

2 Critical estimates, judgements and errors (continued)

(a) Significant estimates and judgements (continued)

(iii) Disposal of subsidiary (note 30)

During the period, the Group sold its two subsidiaries Zuji Travel Pte Ltd and Zuji Limited, resulting in a net gain on disposal of $28m.

The Group has determined that the disposal of these subsidiaries do not classify as discontinued operations under AASB 5 as they do not represent a separate major line of business or geographical area of operations. The key considerations in forming the Group's assessment include:

- The operating profit contribution by these subsidiaries to the B2C segment in the current period was not significant;
- There continues to remain operations in these geographical regions (Singapore & Hong Kong); and
- Both subsidiaries were acquired in 2013 with no intention to resale at the time of acquisition.

(iv) Revenue recognition (note 4)

The Group has concluded that it acts as both agent and principal in providing online travel booking services. Revenue from travel bookings where the Company is acting as agent is recognised when the booking is made by the customer and payment has been received. Commission revenue is recognised upon the provision of the related service. Revenue from travel bookings where the Company is acting as principal is recognised on date of travel and presented in the consolidated income statement and cash flows on a gross basis.

Override commissions
Revenue derived from override commission are accrued monthly and are based on booking volumes achieved at the respective override rate in accordance with third party supplier agreements. Recoverability of override accruals are assessed as part of the monthly review of aged trade receivables.

(v) Taxation - items classified as non-assessable income (note 6)

In the current period, the Group determined approximately $40m ($11.9m tax effective) of income was non-assessable on the basis that the income was not subject to tax under the Controlled Foreign Company (CFC) rules that apply to the Australian tax consolidated group. The non-assessable income relates to net income derived from the operations of the Zuji businesses which were sold during the period; and the capital gain on sale.

3 Segment information

(a) Description of segments and principal activities

Management has determined the operating segments and the segment information disclosed is 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. The reportable segments of the Consolidated Entity are considered to be - Business to Consumer Travel (B2C Travel) and Business to Business Travel (B2B Travel).

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 statement of profit and loss.

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.

(b) Segment results

The segment information provided to the Managing Director for the reportable segments for the year ended 30 June is as follows:

	B2C Travel $'000	One-offs $'000	Total B2C $'000	B2B Travel $'000	Total $'000
2017					
Revenues from travel bookings	168,248	(5,504)	**162,744**	**36,475**	**199,219**
Interest revenue / (expense)	684	-	**684**	**(678)**	**6**
Depreciation, amortisation & impairment	(3,816)	(1,319)	**(5,135)**	**(3,088)**	**(8,223)**
Profit before tax & corporate costs	54,988	17,617	**72,605**	**(3,415)**	**69,190**
Corporate costs	-	-	**-**	**-**	**(7,594)**
Income tax expense	(10,362)	1,721	**(8,641)**	**(533)**	**(9,174)**
Profit after tax	44,626	19,338	**63,964**	**(3,948)**	**52,422**
EBITDA (excl corporate costs)	58,120	18,936	**77,056**	**351**	**77,407**

3 Segment information (continued)

(b) Segment results (continued)

	B2C Travel $'000	One-offs $'000	Total B2C $'000	B2B Travel $'000	Total $'000
2016					
Revenues from travel bookings	121,479	-	121,479	30,527	152,006
Interest revenue / (expense)	558	-	558	(1,041)	(483)
Depreciation, amortisation & impairment	(3,166)	-	(3,166)	(2,857)	(6,023)
Profit before tax & corporate costs	36,371	-	36,371	(489)	35,881
Corporate costs	-	-	-	-	(5,771)
Income tax expense	(9,108)	-	(9,108)	254	(8,854)
Profit after tax	27,263	-	27,263	(235)	21,257
EBITDA (excl corporate costs)	38,979	-	38,979	3,409	42,388

	2017			2016		
	B2C Travel $'000	B2B Travel $'000	Total $'000	B2C Travel $'000	B2B Travel $'000	Total $'000
Segment assets	311,496	181,323	492,819	291,268	94,534	385,802
Segment liabilities	174,761	101,720	276,481	179,316	55,886	235,202
Acquisitions of non-current assets*	13,536	4,840	18,376	85,174	1,268	86,442

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

3 Segment information (continued)

(c) Other segment information

Webjet Limited is domiciled in Australia. For the purposes of this disclosure, revenue is determined by the 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***	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Australia	120,461	96,706	24,700	48,011
All other countries	78,758	55,300	126,415	118,731
	199,219	152,006	151,115	166,742

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

4 Revenue

The Consolidated Entity derives the following types of revenue:

Revenue	**Consolidated entity Year ended 30 June 2017 $'000**	30 June 2016 $'000
Revenue from travel bookings as principal	**16,151**	-
Revenue from travel bookings as agent	**183,068**	152,006
	199,219	152,006

In the current period, the Group has concluded that it acts as both agent and principal in providing travel booking services. Included in the revenue from travel bookings as agent is the $5.5m revenue adjustment (decrease in revenue) in relation to change in operating model during the period.

5 Other income

(a) Investment income

	Consolidated entity Year ended 30 June 2017 $'000	30 June 2016 $'000
Interest income	**3,320**	783

(b) Other income

	Notes	**Consolidated entity Year ended 30 June 2017 $'000**	30 June 2016 $'000
Net gain on disposal of subsidiaries	30	**28,039**	-
Management fee		**3,000**	-
Dividend income		**142**	100
Other income		**4,477**	2,444
		35,658	2,544

6 Income tax expense

(a) Income tax expense

	Consolidated entity Year ended 30 June 2017 $'000	30 June 2016 $'000
Current tax		
Current tax	**7,213**	7,480
Adjustments for current tax of prior periods	**(474)**	(1,569)
Total current tax expense	**6,739**	5,911
Deferred income tax		
Deferred tax	**1,835**	2,450
Adjustments for deferred tax of prior periods	**600**	493
Total deferred tax expense	**2,435**	2,943
Income tax expense	**9,174**	8,854

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated entity Year ended 30 June 2017 $'000	30 June 2016 $'000
Profit from continuing operations before income tax expense	**61,596**	30,111
Tax at the Australian tax rate of 30.0% (2016 - 30.0%)	**18,479**	9,033
Tax loss of foreign subsidiaries not recognised	**2,451**	624
Effect of income/expenses that are not assessable/deductible in determining taxable profit	**(11,910)**	71
Effect of utilised franking credits	**(45)**	-
Research and development tax credit	**(150)**	(163)
Effect of deferred tax expense relating to the origination and reversal of temporary differences	**-**	(262)
Utilisation of tax losses	**-**	(263)
Foreign income tax offset	**-**	(26)
Difference in overseas tax rates	**242**	(366)
Adjustments for current tax of prior periods	**(474)**	(1,569)
Adjustments for deferred tax of prior period	**600**	493
Other	**(19)**	1,282
Income tax expense	**9,174**	8,854

The tax rate used for the 2017 and 2016 reconciliation above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

Deferred tax balances

(i) Deferred tax assets

	Consolidated entity At 30 June 2017 $'000	30 June 2016 $'000
The balance comprises temporary differences attributable to:		
Tax losses	**803**	1,335
Employee benefits	**1,317**	1,118
Deferred revenue	**3**	546
Other	**(551)**	247
Intangibles & PPE	**917**	980
Expenses deductible over 5 years	**298**	628
Total deferred tax assets	**2,787**	4,854

6 Income tax expense (continued)

Deferred tax balances (continued)

(ii) Deferred tax liabilities

	Consolidated entity At 30 June 2017 $'000	30 June 2016 $'000
The balance comprises temporary differences attributable to:		
Intangible assets	**12,218**	10,820
Interest receivable	**90**	121
Other	**831**	380
Total deferred tax liabilities	**13,139**	11,321

(c) Movements in deferred taxes

Deferred tax asset	**Tax losses $'000**	**Employee benefits $'000**	**Expenses deductible over 5 years $'000**	**Deferred revenue $'000**	**Other $'000**	**Intangibles & PPE $'000**	**Total $'000**
At 1 July 2015	1,604	1,169	139	369	275	867	4,423
(Charged)/credited							
- to profit or loss	(269)	(1,136)	(212)	(101)	(205)	113	(1,810)
- to other comprehensive income	-	-	-	-	-	-	-
- directly to equity	-	-	701	-	173	-	874
- acquired through business combination	-	1,085	-	278	4	-	1,367
- under/over provision	-	-	-	-	-	-	-
- disposal of subsidiaries	-	-	-	-	-	-	-
At 30 June 2016	1,335	1,118	628	546	247	980	4,854

Movements	**Tax losses $'000**	**Employee benefits $'000**	**Expenses deductible over 5 years $'000**	**Deferred revenue $'000**	**Other $'000**	**Intangibles & PPE $'000**	**Total $'000**
At 1 July 2016	1,335	1,118	628	546	247	980	4,854
(Charged) / credited							
- to profit or loss	-	178	(108)	(543)	240	-	(233)
- to other comprehensive income	-	-	-	-	-	-	-
- directly to equity	-	-	(168)	-	(99)	-	(267)
- acquired through business combination	-	-	-	-	-	-	-
- under/over provision	(137)	21	(54)	-	41	(63)	(192)
- disposal of subsidiaries	(395)	-	-	-	(980)	-	(1,375)
At 30 June 2017	803	1,317	298	3	(551)	917	2,787

6 Income tax expense (continued)

Deferred tax balances (continued)

(c) Movements in deferred taxes (continued)

Deferred tax liability	**Intangible assets $'000**	**Interest receivable $'000**	**Other $'000**	**Total $'000**
At 1 July 2015	1,976	3	10	1,989
Charged/(credited)				
- profit or loss	957	118	15	1,090
- to other comprehensive income	224	-	10	234
- directly to equity	-	-	-	-
- under/over provision	-	-	-	-
- acquired through business combination	7,663	-	345	8,008
- disposal of subsidiaries	-	-	-	-
At 30 June 2016	10,820	121	380	11,321

Movements	Intangible assets $'000	Interest receivable $'000	Other $'000	**Total** $'000
At 1 July 2016	10,820	121	380	11,321
Charged/(credited)				
- profit or loss	1,287	(31)	346	1,602
- directly to equity	-	-	(97)	(97)
- under/over provision	206	-	202	408
- disposal of subsidiaries	(95)	-	-	(95)
At 30 June 2017	12,218	90	831	13,139

Relevance of tax consolidation to the Consolidated Entity

The company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2007 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Webjet Limited. The members of the tax-consolidated group are identified in note 1. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax-sharing agreement with the head entity. Under the terms of the tax funding arrangement, Webjet Ltd and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax-consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

7 Profit for the year

	Notes	30 June 2017 $'000	30 June 2016 $'000
Depreciation, amortisation and impairment			
Depreciation	11	**1,702**	1,871
Amortisation	12	**5,202**	4,152
Impairment of associate		**1,319**	-
		8,223	6,023
Research & development costs expensed		**1,965**	1,981
Employee expenses			
Superannuation expense		**1,909**	1,596
Payroll tax		**3,062**	2,213
Incentives (Note 1)		**6,318**	2,912
Employee benefits expenses		**45,455**	33,845
		56,744	40,566
Other expenses			
Sundry expenses (Note 2)		**2,065**	41
Net foreign exchange (gains)/losses		**1,083**	232
Other expenses		**5,604**	4,928
		8,752	5,201
Operating lease expense		**2,018**	1,673
Share based payment expense (Note 3)		**1,133**	118

Note 1 - Incentives includes one off costs of $944,000 relating to key management personnel.
Note 2 - Includes $1,400,000 associated with termination of supplier agreement; and $400,000 on other sundry items.
Note 3 - Share based payment expense includes $863,000 of performance rights granted during the year.

8 Trade and other receivables

	Consolidated entity At 30 June 2017 Current $'000	30 June 2017 Non-current $'000	30 June 2017 Total $'000	30 June 2016 Current $'000	30 June 2016 Non-current $'000	30 June 2016 Total $'000
Trade receivables	**120,319**	**-**	**120,319**	81,565	-	81,565
Provision for impairment of receivables (see note 26(d))	**(2,947)**	**-**	**(2,947)**	(767)	-	(767)
	117,372	**-**	**117,372**	80,798	-	80,798

(i) Classification as trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are generally due for settlement within 30 - 90 days and therefore are all classified as current in the consolidated balance sheet.

Credit risk is managed by each business unit (brand) where aged debtors > $10,000 are individually reviewed on a monthly basis for both B2B and B2C customers. Management is prudent in its provisions against receivables, and focus particularly on those that have aged greater than 6 months. Debts are written off once deemed to be non-recoverable. Trade receivables that are neither past due nor impaired relate to long standing business partners with good track records. As at 30 June 2017, the provision for doubtful debts is $2.9m and represents 2% of trade debtors (2016: 2%).

The Consolidated Entity's impairment and other accounting policies for trade and other receivables are outlined in notes 26(d) and 1(k) respectively.

8 Trade and other receivables (continued)

The Consolidated Entity's impairment and other accounting policies for trade and other receivables are outlined in notes 26(d) and 1(k) respectively.

(b) Age of trade receivables that are past due but not impaired

	Consolidated entity At 30 June 2017 $'000	30 June 2016 $'000
Up to 3 months	**3,660**	4,347
3 - 6 months	**1,965**	1,379
Greater than 6 months	**1,551**	-
Total	**7,176**	5,726

(c) Movement in the allowance for doubtful debts

	Consolidated entity At 30 June 2017 $'000	30 June 2016 $'000
Balance at the beginning of the year	**(767)**	(162)
Provision charge for the year	**(2,291)**	(703)
Provision utilised	**98**	94
Foreign exchange	**13**	4
Balance at the end of the year	**(2,947)**	(767)

9 Other financial assets

	Consolidated entity At 30 June 2017 $'000	30 June 2016 $'000
Non-current		
Other financial assets (i)	**255**	255

(i) The Consolidated Entity holds 20% of the ordinary share capital of Taguchi Marketing Pty Ltd, a company involved in email marketing and distribution activities. The directors of the Consolidated Entity do not consider that the Consolidated Entity is able to exert significant influence over Taguchi Marketing Pty Ltd as the day-to-day running of the business is not under the influence of the Consolidated Entity.

10 Other assets

	Consolidated entity At 30 June 2017 $'000	30 June 2016 $'000
Current		
Prepayments	**16,214**	5,294
Margin deposits	**3,132**	2,998
Other current assets	**1,118**	1,064
Total	**20,464**	9,356

11 Property, plant and equipment

Consolidated entity	**Land & building $'000**	**Software $'000**	**Office equipment $'000**	**Furniture & fittings $'000**	**Leasehold improvements $'000**	**Computer equipment $'000**	**Assets under construction $'000**	**Total $'000**
At 1 July 2016								
Cost or fair value	4,012	7,273	2,162	770	2,024	3,931	383	20,555
Accumulated depreciation	(275)	(3,211)	(1,007)	(408)	(1,527)	(2,369)	-	(8,797)
Net book amount	3,737	4,062	1,155	362	497	1,562	383	11,758
Year ended 30 June 2017								
Opening net book amount	3,737	4,062	1,155	362	497	1,562	383	11,758
Exchange differences	(23)	(80)	(3)	(9)	(1)	(57)	(12)	(185)
Additions	-	424	77	76	449	953	3,165	5,144
Transfers	-	(3,041)	-	-	-	38	(38)	(3,041)
Depreciation charge	(58)	(389)	(186)	(72)	(281)	(716)	-	(1,702)
Disposal of subsidiaries	-	(26)	(9)	(19)	(40)	(191)	-	(285)
Closing net book amount	3,656	950	1,034	338	624	1,589	3,498	11,689
At 30 June 2017								
Cost	3,989	3,385	2,194	691	2,140	4,425	3,498	20,322
Accumulated depreciation	(333)	(2,435)	(1,160)	(353)	(1,516)	(2,836)	-	(8,633)
Net book amount	3,656	950	1,034	338	624	1,589	3,498	11,689

11 Property, plant and equipment (continued)

Consolidated entity	**Land & building $'000**	**Software $'000**	**Office equipment $'000**	**Furniture & fittings $'000**	**Leasehold improvements $'000**	**Computer equipment $'000**	**Assets under construction $'000**	**Total $'000**
At 1 July 2015								
Cost or fair value	3,876	3,460	2,098	686	1,391	2,151	211	13,873
Accumulated depreciation	(207)	(2,039)	(793)	(312)	(792)	(1,638)	(6)	(5,787)
Net book amount	3,669	1,421	1,305	374	599	513	205	8,086
Year ended 30 June 2016								
Opening net book amount	3,669	1,421	1,305	374	599	513	205	8,086
Exchange differences	129	105	147	16	6	1	(10)	394
Additions	-	1,487	45	8	7	808	188	2,543
Transfers	-	2,035	-	-	-	344	-	2,379
Depreciation charge	(61)	(787)	(337)	(87)	(169)	(430)	-	(1,871)
Disposals	-	(199)	(5)	-	-	(31)	-	(235)
Additions through acquisition	-	-	-	51	54	357	-	462
Closing net book amount	3,737	4,062	1,155	362	497	1,562	383	11,758
At 30 June 2016								
Cost or fair value	4,012	7,273	2,162	770	2,024	3,931	383	20,555
Accumulated depreciation	(275)	(3,211)	(1,007)	(408)	(1,527)	(2,369)	-	(8,797)
Net book amount	3,737	4,062	1,155	362	497	1,562	383	11,758

12 Intangible assets

Consolidated entity **Non-current assets**	**Goodwill** **$'000**	**Trademarks** **$'000**	**Capitalised development** **$'000**	**Other** **$'000**	**Total** **$'000**
At 30 June 2016					
Cost	97,770	26,055	27,742	20,587	172,154
Accumulation amortisation and impairment	-	-	(8,230)	(2,974)	(11,204)
Net book amount	97,770	26,055	19,512	17,613	160,950
Year ended 30 June 2017					
Opening net book amount	97,770	26,055	19,512	17,613	160,950
Additions	-	-	8,919	3,423	12,342
Exchange differences	(305)	(107)	(157)	27	(542)
Amortisation charge	-	-	(3,849)	(1,353)	(5,202)
Transfers	-	-	3,374	(333)	3,041
Disposal of subsidiary	(23,667)	(7,495)	-	-	(31,162)
Closing net book amount	73,798	18,453	27,799	19,378	139,428
At 30 June 2017					
Cost	73,798	18,453	40,355	24,052	156,658
Accumulated amortisation	-	-	(12,556)	(4,674)	(17,230)
Net book amount	73,798	18,453	27,799	19,378	139,428

Consolidated entity **Non-Current assets**	**Goodwill** **$'000**	**Trademarks** **$'000**	**Capitalised development** **$'000**	**Other** **$'000**	**Total** **$'000**
At 1 July 2015					
Cost	38,490	8,347	21,826	11,162	79,825
Accumulation amortisation and impairment	(190)	-	(5,576)	(1,844)	(7,610)
Net book amount	38,300	8,347	16,250	9,318	72,215
Year ended 30 June 2016					
Opening net book amount	38,300	8,347	16,250	9,318	72,215
Additions through business combination	56,997	17,088	1,207	10,281	85,573
Additions	-	-	5,498	1,033	6,531
Exchange differences	2,473	620	7	555	3,655
Amortisation charge	-	-	(2,728)	(1,424)	(4,152)
Transfers	-	-	(228)	(2,150)	(2,378)
Write off	-	-	(494)	-	(494)
Closing net book amount	97,770	26,055	19,512	17,613	160,950
At 30 June 2016					
Cost	97,770	26,055	27,742	20,587	172,154
Accumulation amortisation and impairment	-	-	(8,230)	(2,974)	(11,204)
Net book amount	97,770	26,055	19,512	17,613	160,950

12 Intangible assets (continued)

(i) Capitalised development

The capitalised development intangible assets represent the Consolidated Entity's travel booking system and licences as well as additional distribution systems that enable customers to access this booking platform.

Capitalised development has a finite life and is amortised on a straight-line basis. Capitalised development relating to Core Booking Systems is amortised over 15 years, while capitalised development relating to Ancilliary Systems is amortised over a period of 5 to 10 years.

(ii) Trademarks

Trademarks have been acquired through the acquisition of the Zuji, Sunhotels and Online Republic group of entities. All trademarks are carried at cost less accumulated impairment losses. The intangible assets relating to the Zuji, Sunhotels and Online Republic acquisitions have been determined to have indefinite useful lives as there is no expiry and no foreseeable limit on the period of time over which these assets are expected to contribute to the cashflows of the Consolidated Entity. For impairment purposes the trademarks are tested at an overall cash generating unit level.

During the year the Zuji trademarks were disposed of in connection with the sale of the Zuji subsidiaries. Refer to note 30 for further details.

(iii) Other identifiable intangibles

The other identifiable intangible assets acquired through the acquisition of the Sunhotels and Online Republic group of entities include domain names, other software licences and development, supplier agreements, operating rights, customer lists and non-compete agreements.

Other intangible assets all have a finite life and are assessed individually in determining useful life for amortisation. The useful lives of these assets range from 3 - 10 years.

(iv) Goodwill

Goodwill has been acquired as part of business combinations and after initial recognition is measured at cost less accumulated impairment losses. Goodwill is not amortised but is assessed for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that it might be impaired.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arise, identified according to operating segments (refer to Segment information note 3 on page 61).

During the year goodwill attributed to the Zuji acquisition was disposed of in relation to the sale of the Zuji subsidiaries. Refer to note 30 for further details.

(v) Impairment tests for goodwill

Goodwill is monitored by management at the operating segment level as disclosed in note 3. Management has identified the reportable segments to be Business to Consumer Travel (B2C Travel) and Business to Business Travel (B2B Travel).

The segment-level summary of the carrying amount of goodwill and trademarks acquired from business combinations is shown below:

2017	**B2C Travel $'000**	**B2B Travel $'000**	**Total $'000**
Carrying amount of goodwill	58,433	15,365	73,798
Carrying amount of trademarks	17,525	928	18,453
	75,958	16,293	92,251

2016	B2C Travel $'000	B2B Travel $'000	**Total** $'000
Carrying amount of goodwill	82,345	15,426	97,771
Carrying amount of trademarks	25,122	933	26,055
	107,467	16,359	123,826

12 Intangible assets (continued)

(vi) Significant estimates: key assumptions used for value-in-use calculations

The recoverable amount of the cash-generating unit is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The Consolidated Entity has prepared a detailed projection for the financial year ended 30 June 2017 based on historical and current financial performance, after including the expected change in revenues and margins resulting from the business combinations and new business initiatives. The four following years have been calculated using a projection of the growth in overall total transaction volume.

B2C
Management's key assumptions used in the value in use calculation are a bookings growth of more than 3 times the underlying market growth rate, a TTV margin of 9.8%, a growth rate beyond budget period of 2% or at least market rate and discount rate of 15%. Management determined the budgeted gross margin based on past performance and expectations for the future.

B2B
Management's key assumptions used in the value-in-use calculation are a bookings growth of more than 5 times the underlying market growth for years FY18 to FY20, a TTV margin of 7.5% (excluding Thomas Cook), a growth rate beyond budget period of 2% or at least market rate and a discount rate of 15%. Management determined the value in use calculation based on past performance and expectations for the future.

The growth rates used do not exceed long-term average growth rates for the travel industry. The discount rate used reflects externally sourced inputs and specific risks relating to the B2C & B2B travel segment and the countries in which it operates. Reasonably possible changes to these assumptions would not have an impact on the recoverable amount.

13 Trade and other payables

	Consolidated entity At	
	30 June 2017 $'000	30 June 2016 $'000
Current liabilities		
Trade payables	**153,528**	125,947
Proceeds received in advance - share issue	**-**	3,816
Other payables	**31,065**	17,079
	184,593	146,842

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

14 Borrowings

	Consolidated entity At					
	30 June 2017			30 June 2016		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Bank loans	**13,170**	**36,300**	**49,470**	38,351	17,143	55,494
Total borrowings	**13,170**	**36,300**	**49,470**	38,351	17,143	55,494

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. Current portion of the borrowings represents the next two scheduled repayments of USD $2,100,000 and USD $2,450,000 due 20 December 2017 and 20 June 2018 respectively.

14 Borrowings (continued)

On 15 June 2016, the Group entered into a short term bank loan amounting to $31,500,000. The proceeds from the loan were used to fund the acquisition of Online Republic. Following the receipt of funds from the retail share placement which settled on 1 July 2016, the loan was repaid.

During the prior period, the Group obtained a USD $10,000,000 unsecured working capital facility with HSBC of which as at 30 June 2017, an amount of USD $2,500,000 (AUD equivalent $3,251,700) has been drawn down by the B2B business (2016: USD $2,120,000).

In 2014 the Group obtained a new 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 over a 3 year maturity. The proceeds from the loan were used to fund the Sunhotels acquisition. There are bi-annually scheduled repayments of $2,000,000 due on 14 July 2017 and 13 January 2018.

(i) Compliance with loan covenants

The loan agreement used to fund the Sunhotels acquisition and Thomas Cook arrangement enforces the following covenants:
a. Operating leverage ratio must not exceed 2.5:1; and
b. Interest cover ratio must not be lower than 4:1 for the term of the loans.

Webjet Limited has complied with the financial covenants of its borrowing facilities during the 2017 and 2016 reporting periods.

15 Provisions

		Consolidated entity At					
		30 June 2017			30 June 2016		
	Notes	**Current $'000**	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Employee benefits (i)		**2,549**	**1,067**	**3,616**	2,455	546	3,001
Gift vouchers (i)		**1,310**	**-**	**1,310**	1,610	-	1,610
Make good provision (i)		**-**	**253**	**253**	-	328	328
Other provisions		**140**	**-**	**140**	71	-	71
		3,999	**1,320**	**5,319**	4,136	874	5,010

(i) Information about individual provisions and significant estimates

Employee benefits

The current provision for employee benefits for the Consolidated Entity includes $541,010 of vested long service leave entitlements accrued but not expected to be taken within 12 months (2016: $157,228).

Gift vouchers

The Consolidated Entity provides for the value of gift vouchers sold or issued to customers but not yet redeemed or expired.

Make good provision

The Consolidated Entity is required to restore the leased office premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets.

(ii) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

Consolidated entity 2017	**Gift vouchers provision $'000**	**Make good provision $'000**	**Other $'000**	**Total $'000**
Carrying amount at the start of the year	1,610	328	71	2,009
Additional provisions recognised	2,887	-	70	2,957
Charged/(credited) to profit or loss	(3,167)	-	-	(3,167)
Foreign exchange differences	(2)	(12)	-	(14)
Disposal of subsidiary	(18)	(63)	-	(81)
Carrying amount at end of period	1,310	253	141	1,704

15 Provisions (continued)

Consolidated entity 2016	Gift vouchers provision $'000	Make good provision $'000	Other $'000	Total $'000
Carrying amount at the start of the year	2,136	326	180	2,642
Additional provisions recognised	4,061	-	-	4,061
Charged/(credited) to profit or loss	(4,587)	-	(109)	(4,696)
Foreign exchange differences	-	2	-	2
Carrying amount at end of period	1,610	328	71	2,009

16 Other liabilities

	Consolidated entity At 30 June 2017			30 June 2016		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Deferred revenue	**22,645**	**-**	**22,645**	3,038	7,124	10,162
Lease incentive liability	**129**	**-**	**129**	243	-	243
	22,774	**-**	**22,774**	3,281	7,124	10,405

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 change in revenue recognition on transactions where the Group is acting as principal.

In the prior period this related to amounts received but not yet deemed to be earned, this includes amounts received for promotional activities that have not yet taken place and other long term supplier agreements.

17 Equity

(a) Share capital

	Notes	**30 June 2017 Shares**	30 June 2016 Shares	**30 June 2017 $'000**	30 June 2016 $'000
Ordinary shares					
Ordinary shares - fully paid	17(a)(i)	**98,110,166**	91,554,902	**136,453**	101,690
Total share capital		**98,110,166**	91,554,902	**136,453**	101,690

(i) Movements in ordinary share:

Details	**Notes**	**Number of shares (thousands)**	**$'000**
Opening balance 1 July 2016		91,555	101,690
Transfer from share based payment reserve	17(a)(iii)	-	226
Exercise of options - Proceeds received	17(a)(ii)	1,000	4,280
Rights issue	17(a)(iv)	5,544	31,046
Issue of shares - Employee Share Plan Trust	27	11	-
Less: Transaction costs arising on share issue		-	(789)
Balance 30 June 2017		98,110	136,453

17 Equity (continued)

(a) Share capital (continued)

Details	**Notes**	**Number of shares (thousands)**	**$'000**
Opening balance 1 July 2015		80,398	42,779
Transfer from share based payment reserve	17(a)(iii)	-	420
Exercise of options - Proceeds received	17(a)(ii)	1,000	3,040
Acquisition of subsidiary	29	2,756	15,437
Rights issue	17(a)(iv)	7,401	41,445
Less: Transaction costs arising on share issue		-	(1,871)
Deferred tax credit recognised directly in equity		-	440
Balance 30 June 2016		91,555	101,690

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

Share options granted under the employee share option plan carry no rights to dividends and no voting rights. Further details of the employee share option plan are contained in Note 27 to the financial statements.

(ii) Options

Information relating to the Employee Share Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 27.

(iii) Employee share scheme

Information relating to the employee share scheme, including details of shares issued under the scheme, is set out in note 27. During the current period, the total performance rights vested was 11,576.

(iv) Rights issue

On 6 June 2016 the Company invited its shareholders to subscribe to a rights issue of 12,944,625 ordinary shares at an issue price of $5.60 per share on the basis of 1 share for every 6.25 fully or partly paid ordinary shares held, with such shares to be issued on, and rank for dividends after, 16 June 2016 for institutional investors and 1 July 2016 for retail investors. The issue was fully subscribed.

As at 30 June 2016, only the institutional shares were allotted representing 7,400,947 issued shares. On 1 July 2016, a further 5,543,678 shares were issued to retail investors.

(v) Acquisition of subsidiary

During the prior year, the Group issued 2,756,006 ordinary shares at value of $6.21 per share to the former shareholders of Online Republic Group as part of the consideration paid to acquire the business. Refer to Note 29(a) for further details.

(b) Other reserves

The following table shows a breakdown of the balance sheet line item 'other reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

	Consolidated entity At	
	30 June 2017 $'000	30 June 2016 $'000
Available-for-sale financial assets	**55**	55
Cash flow hedges	**(1,111)**	(1,154)
Share-based payments	**1,467**	560
Foreign currency translation	**(1,933)**	5,307
	(1,522)	4,768

(i) Nature and purpose of other reserves

Available-for-sale financial assets

Changes in the fair value and exchange differences arising on translation of investments that are classified as available-for-sale financial assets, are recognised in other comprehensive income and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

17 Equity (continued)

(b) Other reserves (continued)

Cash flow hedges

The hedging reserve is used to record gains or losses on derivatives that are designated and qualify as cash flow hedges and that are recognised in other comprehensive income, as described in note 1(m). Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

Share-based payments

The equity-settled employee benefits reserve arises on the grant of share options and performance rights to directors and executives under the Employee Share Option and Share Schemes. Amounts are transferred out of the reserve and into issued capital when the options are exercised.

Foreign currency translation

Exchange differences relating to the translation of the net assets of the Consolidated Entity's foreign operations from their functional currencies to the Consolidated Entity's presentation currency (i.e. Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating the net assets of foreign operations) are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

18 Earnings per share

(a) Basic earnings per share

	Consolidated entity Year ended	
	30 June 2017 Cents	30 June 2016 Cents
From continuing operations attributable to the ordinary equity holders of the company	**53.79**	26.17
Total basic earnings per share attributable to the ordinary equity holders of the Company	**53.79**	26.17

(b) Diluted earnings per share

	Consolidated entity Year ended	
	30 June 2017 Cents	30 June 2016 Cents
From continuing operations attributable to the ordinary equity holders of the company	**52.87**	25.78
Total diluted earnings per share attributable to the ordinary equity holders of the Company	**52.87**	25.78

(c) Reconciliation of earnings used in calculating earnings per share

	Consolidated entity Year ended	
	30 June 2017 $'000	30 June 2016 $'000
Basic earnings per share		
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:		
From continuing operations	**52,422**	21,257
Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the Company Used in calculating basic earnings per share	**52,422**	21,257

18 Earnings per share (continued)

(d) Weighted average number of shares used as the denominator

	Consolidated entity Year ended 2017 Number	2016 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**97,457,604**	81,219,379
Adjustments for calculation of diluted earnings per share:		
Employee options	**1,689,901**	1,248,729
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**99,147,505**	82,468,108

(e) Information concerning the classification of securities

(i) Options

Options granted to the Managing Director under the Employee Share Option Plan are considered to be potential ordinary shares. They have been included in the determination of diluted earnings per share if the required hurdles would have been met based on the company's performance up to the reporting date, and to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share.

19 Dividends

(a) Ordinary shares

Recognised amounts	Consolidated entity Year ended 30 June 2017 $'000	30 June 2016 $'000
Final dividend for the prior year	**7,814**	5,865
Interim dividend for current year	**7,343**	5,255
Total dividends paid	**15,157**	11,120

Final dividend for the year ended 30 June 2016 of 8.0 cents (2015: 7.25 cents) per fully paid share paid on 13 October 2016 (2015: 15 October 2015). An interim dividend for the year ended 30 June 2017 of 7.5 cents (2016: 6.5 cents) per fully paid ordinary share was paid on 14 April 2017 (2016: 15 April 2016)

(ii) Dividends not recognised at the end of the reporting period

In addition to the above dividends, since period end the Directors have declared a final dividend of 10.0 cents per fully paid ordinary share (2016: 8.0 cents) fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 12 October 2017 out of retained earnings at 30 June 2017, but not recognised as a liability at period end, is $11.8m.

(iii) Franking credits

	Consolidated entity Year ended 30 June 2017 $'000	30 June 2016 $'000
Adjusted franking account balance	**7,300**	3,524
Impact on franking account balance of dividends not recognised	**(5,064)**	(3,329)
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2016: 30%)	**2,236**	195

19 Dividends (continued)

The balance of the adjusted franking account includes:
(a) franking credits that will arise from the payment of the amount of the provision of income tax
(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

20 Contingent liabilities

At 30 June 2017, the Consolidated Entity had bank guarantee facilities amounting to $16.0m (30 June 2016: $14.0m).

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

21 Commitments

(a) Non-cancellable operating leases

The Consolidated Entity leases various offices under non-cancellable operating leases expiring within 5 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	Consolidated entity At	
	30 June 2017 $'000	30 June 2016 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**1,716**	1,351
Later than one year but not later than five years	**7,685**	1,558
Later than five years	**1,642**	-
	11,043	2,909

22 Interests in other entities

(a) Material subsidiaries

The Consolidated Entity's principal subsidiaries at 30 June 2017 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Consolidated Entity, and the proportion of ownership interests held equals the voting rights held by the Consolidated Entity. The country of incorporation or registration is also their principal place of business.

Name of entity	**Place of business/ country of incorporation**	**Ownership interest held by the group**		**Principal activities**
		2017 %	2016 %	
Webjet Marketing Pty Ltd	Australia	**100.0**	100.0	Online travel booking service
Zuji Pty Limited	Australia	**100.0**	100.0	Online travel booking service
Webjet USA Holdings Inc	United States of America	**100.0**	100.0	Holding Company
Webjet Marketing NZ Pty Limited	New Zealand	**100.0**	100.0	Online travel booking service
Westweb Holdings Limited (1)	British Virgin Islands	**-**	100.0	Holding Company
Webjet Singapore Limited (1)	Singapore	**-**	100.0	Non-trading Company
Webjet Hong Kong Limited (2)	Hong Kong	**-**	100.0	Dormant
Webjet International Limited	Hong Kong	**100.0**	100.0	Holding Company
FitRuums Pte Ltd	Singapore	**100.0**	100.0	Holding Company
Zuji Travel Pte Ltd (3)	Singapore	**-**	100.0	Online travel booking service
Zuji Limited (3)	Hong Kong	**-**	100.0	Online travel booking service
WebBeds Holding Co Limited	Hong Kong	**100.0**	100.0	Holding Company
SunHotels Ltd	United Kingdom	**100.0**	100.0	Online travel booking service

22 Interests in other entities (continued)

(a) Material subsidiaries (continued)

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group 2017 %	2016 %	Principal activities
SunHotels AG	Liechtenstein	**100.0**	100.0	Online travel booking service
SunHotels Mundo	Spain	**100.0**	100.0	Online travel booking service
Zleeping Ltd	United Kingdom	**100.0**	100.0	Online travel booking service
Zleeping AG	Liechtenstein	**100.0**	100.0	Online travel booking service
Fyrkant Ltd	United Kingdom	**100.0**	100.0	Online travel booking service
Busy Bee S.L	Spain	**100.0**	100.0	Online travel booking service
Incoming Ltd	United Kingdom	**100.0**	100.0	Online travel booking service
Eventholiday AG	Liechtenstein	**100.0**	100.0	Online travel booking service
WebBeds FZ LLC	Dubai	**100.0**	100.0	Online travel booking service
WebBeds LLC	United States of America	**100.0**	100.0	Online travel booking service
SunHotels France	France	**100.0**	100.0	Online travel booking service
Online Republic Group Limited	New Zealand	**100.0**	100.0	Holding Company
Online Republic Limited (4)	New Zealand	**-**	100.0	Online travel booking services
Search Republic Limited (4)	New Zealand	**-**	100.0	Online travel booking services
Car Rental Republic Limited (4)	New Zealand	**-**	100.0	Online travel booking services
Motorhome Republic Limited (4)	New Zealand	**-**	100.0	Online travel booking services
NZ Car Rental Republic Limited (4)	New Zealand	**-**	100.0	Online travel booking services
Cruise Republic Limited (4)	New Zealand	**-**	100.0	Online travel booking services
Online Republic Travel Payments Limited	Australia	**100.0**	100.0	Online travel booking services
Earlybird (Shenzen) Limited	China	**100.0**	100.0	Online travel bookings

(1) Companies were de-registered during the year.
(2) Amalgamated with Webjet International Limited on 24 May 2017.
(3) Zuji Limited and Zuji Travel Pte Ltd were sold to Sharp Focus and Reckon Holdings during the year. Refer to Note 30.
(4) Companies were amalgamated with Online Republic Group Limited on 30 June 2017.

22 Interests in other entities (continued)

(b) Interests in associates and joint ventures

(i) Individually immaterial associates

The Consolidated Entity has interests in a number of individually immaterial associates that are accounted for using the equity method.

	Consolidated entity Year ended	
	30 June 2017 $'000	30 June 2016 $'000
Aggregate carrying amount of individually immaterial associates	**-**	88
Aggregate amounts of the Consolidated Entity's share of:		
Profit/(loss) from continuing operations	**-**	(20)
Total comprehensive income/(loss)	**-**	(20)

During the year, the Consolidated Entity sold the remaining 15% interest in its associate, Webjet Marketing North America LLC.

23 Deed of cross guarantee

Webjet Limited, Webjet Marketing Pty Ltd and Zuji Pty Limited are parties to a deed of cross guarantee under which each Company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Legislative Instrument 2016/785 (as amended) issued by the Australian Securities and Investments Commission.

(a) Consolidated income statement, statement of comprehensive income and summary of movements in consolidated retained earnings

The above companies represent a 'closed group' for the purposes of the Legislative Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Webjet Limited, they also represent the 'extended closed group'.

Set out below is a consolidated statement of profit or loss, a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 June 2017 of the closed group consisting of Webjet Limited, Webjet Marketing Pty Ltd and Zuji Pty Limited.

23 Deed of cross guarantee (continued)

(a) Consolidated income statement, statement of comprehensive income and summary of movements in consolidated retained earnings (continued)

	30 June 2017 $'000	30 June 2016 $'000
Consolidated statement of profit or loss		
Revenue	**105,572**	69,081
Investment income	**4,532**	1,338
Other gains and losses	**53,573**	2,908
Cost of providing travel services	**(13,625)**	-
Employee benefits expense	**(16,886)**	(14,841)
Depreciation and amortisation expense	**(2,967)**	(2,592)
Marketing expenses	**(29,478)**	(23,385)
Operating costs	**(22,727)**	(16,168)
Option expense	**(1,133)**	(118)
Technology expenses	**(6,689)**	(5,443)
Administrative expenses	**(719)**	941
Directors' fees	**(579)**	(475)
Finance costs	**(1,384)**	(659)
Business acquisition costs	**-**	(247)
Other expenses	**(6,988)**	(3,178)
Profit before income tax	**60,502**	7,162
Income tax expense	**(4,919)**	(9,215)
Profit / (loss) for the period	**55,583**	(2,053)

	30 June 2017 $'000	30 June 2016 $'000
Consolidated statement of comprehensive income		
Profit for the period	**55,583**	(2,053)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**(650)**	(332)
Other comprehensive income for the period, net of tax	**(650)**	(332)
Total comprehensive income for the period	**54,933**	(2,385)

	30 June 2017 $'000	30 June 2016 $'000
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	**13,297**	26,469
Profit for the year	**55,583**	(2,052)
Dividends provided for or paid	**(15,157)**	(11,120)
Retained earnings at the end of the financial year	**53,723**	13,297

23 Deed of cross guarantee (continued)

(b) Consolidated balance sheet

Set out below is a consolidated balance sheet as at 30 June 2017 of the closed group consisting of Webjet Limited, Webjet Marketing Pty Ltd and Zuji Pty Limited.

	30 June 2017 $'000	30 June 2016 $'000
Current assets		
Cash and cash equivalents	**101,073**	55,513
Trade and other receivables	**40,468**	6,058
Other assets	**12,966**	2,919
Total current assets	**154,507**	64,490
Non-current assets		
Investments in associates	**47,192**	44,013
Other financial assets	**255**	255
Property, plant and equipment	**2,072**	2,261
Deferred tax assets	**2,576**	3,018
Intangible assets	**22,628**	30,501
Loans to subsidiaries	**85,341**	82,278
Total non-current assets	**160,064**	**162,326**
Total assets	**314,571**	**226,816**
Current liabilities		
Trade and other payables	**51,282**	46,766
Borrowings	**9,918**	35,500
Current tax liabilities/(asset)	**(2,645)**	4,701
Provision	**2,851**	2,448
Other liabilities	**19,678**	243
Derivative financial liabilities	**691**	-
Total current liabilities	**81,775**	**89,658**
Non-current liabilities		
Borrowings	**36,300**	17,143
Deferred tax liabilities	**4,675**	2,907
Provisions	**380**	746
Derivative financial instruments	**-**	1,021
Other liabilities	**-**	867
Total non-current liabilities	**41,355**	**22,684**
Total liabilities	**123,130**	**112,342**
Net assets	**191,441**	**114,474**
Equity		
Issued capital	**136,457**	101,271
Reserves	**1,260**	(89)
Retained earnings	**53,724**	13,293
Total equity	**191,441**	114,475

24 Cash and cash equivalents

	Consolidated entity At 30 June 2017 $'000	30 June 2016 $'000
Current assets		
Cash and cash equivalents	**178,125**	116,215

(i) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	Consolidated entity At 30 June 2017 $'000	30 June 2016 $'000
Balances as above	**178,125**	116,215

(ii) Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest. See note 1(j) for the group's other accounting policies on cash and cash equivalents.

25 Cash flow information

(a) Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated entity Year ended 30 June 2017 $'000	30 June 2016 $'000
Profit for the period	**52,422**	21,257
Adjustment for		
Depreciation and amortisation	**8,223**	6,023
Share based payment expense	**1,133**	118
Net (gain) loss on sale of subsidiaries	**(28,039)**	-
Share of profits of associates and joint venture	**-**	20
Unrealised gain on derivatives	**-**	(140)
Net exchange differences	**-**	(130)
Change in operating assets and liabilities:		
(Increase) in trade debtors and other receivables	**(44,945)**	(12,791)
Decrease/(Increase) in derivative financial assets	**157**	647
(Increase) decrease in other current assets	**(11,559)**	(1,609)
(Increase) decrease in deferred taxes	**2,978**	2,063
(Decrease) increase in trade payables and accruals	**43,045**	35,803
(Decrease) increase in other provisions	**433**	1,337
(Decrease) increase in income taxes payable	**(5,537)**	1,262
(Decrease) increase in other liabilities	**16,477**	(7,236)
Net cash inflow (outflow) from operating activities	**34,788**	46,624

26 Financial risk management

The group's risk management is based on policies approved by the Board of Directors. Group finance identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate and the use of derivative financial instruments.

(a) Capital risk management

The Consolidated Entity has a capital risk and investment policy to provide guidance for its capital requirements. The policy is reviewed annually to take into consideration the Consolidated Entity's changing risk and short and long term funding needs. The Consolidated Entity's debt and capital includes ordinary share capital, and financial liabilities supported by financial assets. The Consolidated Entity has significant cash reserves and the investment policy ensures that the organisation maximises its return from funds invested whilst adopting a very conservative approach to risk and also ensuring sufficient working capital is maintained.

	Consolidated entity At	
Financial assets	**30 June 2017 $'000**	30 June 2016 $'000
Loans and receivables	**139,276**	80,111
Margin deposits	**3,132**	2,998
Cash and cash equivalents	**178,125**	116,215
Available for sale financial assets	**255**	255
Financial liabilities		
Amortised Cost	**234,061**	201,552
Derivatives	**1,186**	1,359

(b) Derivatives

The Consolidated Entity entered into derivative transactions in the normal course of business to hedge exposure to fluctuations in interest and foreign exchange rates in accordance with the Group's financial risk management policies. The Consolidated Entity has the following derivative financial instruments:

	Consolidated entity At	
	30 June 2017 $'000	30 June 2016 $'000
Current liabilities		
Interest rate swap contracts - cash flow hedges	**691**	-
Forward foreign exchange contracts - cash flow hedges	**495**	338
Total current derivative financial instrument liabilities	**1,186**	338
Non-current liabilities		
Cross currency interest rate swap - net investment hedge	**-**	1,021

(i) Classification of derivatives

Derivatives are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.

(ii) Cross currency interest rate swap contract - net investment hedge

Webjet Limited entered into a cross currency interest rate swap on 24 September 2014. This derivative is applied as a hedge against the translated net assets of the Sunhotels investment. The cross currency interest rate swap is carried at fair value in the consolidated financial statements of Webjet Limited with gains and losses recognised in equity to the extent the hedge is effective. Any hedge ineffectiveness is recognised in profit and loss. The cross currency interest rate swap is due to settle within the next 12 months.

26 Financial risk management (continued)

(b) Derivatives (continued)

(iii) Forward exchange contracts

Foreign exchange contracts were entered into manage foreign exchange rate risk on net working capital exposures relating to the B2B businesses. These contracts are fair valued by comparing the contracted rate to the current market rate for a contract with the same remaining period to maturity. Any changes in fair values are recognised in hedge reserves. During the current period there was a net loss from decreases in fair value of $157,486 (2016: net loss of 647,039).

(c) Market risk

(i) Foreign exchange risk

The Consolidated Entity's risk management policy is to hedge between 75% and 85% of anticipated cash flows for the subsequent six months for the B2B operating segment. The B2B operating segment are required to hedge their foreign exchange risk exposure using forward contracts.

Instruments used by the group

The B2B operations offer customers to purchase hotel bookings and payments are made to suppliers in various currencies, including Euro, Norwegian Krona, Swedish Krona, British Pound and United States Dollar. Given the significant foreign exchange exposures arising from the B2B operations, the group has entered into forward exchange contracts for material currency pair exposures to hedge against currency fluctuation. These foreign currency contracts are hedging highly probable forecast bookings, adjusted to account for current cancellation rates, of which have check-in dates within average 4 months after booking date.

Hedge of net investment in foreign entity

In 2015, the parent entity entered into a cross currency interest rate swap to hedge the amount of translated net assets of the Sunhotels group to the Australian Dollar. This instrument, which was taken out to purchase Sunhotels has been designated as a hedge of the net investment. The fair value and carrying amount of the financial liability at 30 June 2017 was $690,613 (2016: $1,020,816. The foreign exchange gain of $201,293 (2016: loss $521,850) on translation of net assets of Sunhotels to Australian Dollars at the end of the reporting period is recognised in other comprehensive income and accumulated in the hedge reserve (refer to Note 17(b)). The ineffective portion of the hedge amounting to $32,348 (2015: $139,924) has been recognised in the profit and loss for the period.

Exposure

The Consolidated Entity's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollar, was as follows:

Consolidated entity	**USD $'000**	**GBP $'000**	**EUR $'000**	**NZD $'000**	**IDR $'000**	**AED $'000**	**Other $'000**
2017							
Cash and cash equivalents	**10,464**	**2,402**	**20,766**	**15,620**	**319**	**3,032**	**14,726**
Trade receivables	**35,319**	**4,350**	**25,553**	**5,853**	**5,909**	**(3,718)**	**18,018**
Trade payables	**(19,240)**	**(7,134)**	**(48,755)**	**(9,506)**	**(2,270)**	**(3,694)**	**(44,145)**
Total	**26,543**	**(382)**	**(2,436)**	**11,967**	**3,958**	**(4,380)**	**(11,401)**

Consolidated entity	**USD $'000**	**GBP $'000**	**EUR $'000**	**NZD $'000**	**IDR $'000**	**AED $'000**	**Other $'000**
2016							
Cash and cash equivalents	15,113	1,265	8,814	12,179	-	3,239	13,883
Trade receivables	20,458	166	18,064	26,640	-	-	5,292
Trade payables	(10,010)	(1,035)	(27,447)	(35,883)	-	(6,121)	(25,401)
Total	**25,561**	**396**	**(569)**	**2,936**	**-**	**(2,882)**	**(6,226)**

Sensitivity

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

26 Financial risk management (continued)

(c) Market risk (continued)

Consolidated entity Index	Impact on post-tax profit		Impact on other components of equity	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
USD/AUD exchange rate - increase 10% (2016: 10%)	**2,655**	2,556	**-**	-
USD/AUD exchange rate - decrease 10% (2016: 10%)	**(2,655)**	(2,556)	**-**	-
IDR/AUD exchange rate - increase 10% (2016: 10%)	**396**	-	**-**	-
IDR/AUD exchange rate - decrease 10% (2016: 10%)	**(396)**	-	**-**	-
GBP/AUD exchange rate - increase 10% (2016: 10%)	**(38)**	40	**-**	-
GBP/AUD exchange rate - decrease 10% (2016: 10%)	**38**	(40)	**-**	-
AED/AUD exchange rate - increase 10% (2016: 10%)	**(438)**	(288)	**-**	-
AED/AUD exchange rate - decrease 10% (2016: 10%)	**438**	288	**-**	-
EUR/AUD exchange rate - increase 10% (2016: 10%)	**(244)**	(57)	**-**	-
EUR/AUD exchange rate - decrease 10% (2016: 10%)	**244**	57	**-**	-
Other/AUD exchange rate - increase 10% (2016: 10%)	**(1,140)**	(623)	**-**	-
Other/AUD exchange rate - decrease 10% (2016: 10%)	**1,140**	623	**-**	-
NZD/AUD exchange rate - increase 10% (2016: 10%)	**1,197**	294	**-**	-
NZD/AUD exchange rate - decrease 10% (2016: 10%)	**(1,197)**	(294)	**-**	-

(ii) Cash flow and fair value interest rate risk

The Consolidated Entity does not hedge its exposure to interest rate movements and does not invest in fixed interest financial instruments. As at 30 June 2017 the Consolidated Entity had $178,125,208 (2016: $116,214,829) in cash and cash equivalents. The average interest rate on all deposits was 1.6% (2016: 1.0%).

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates. If interest rates were to increase or decrease by 0.5%, the impact to profit and loss would be an increase to interest revenue of $890,626 (2016: $576,715) and decrease of interest revenue of $890,636 (2016: $576,715) respectively.

As at 30 June 2017, the Consolidated Entity had total borrowings of $49,470,088 at average interest rate of 6.45% (2016: 3.14%).

Profit or loss is sensitive to higher/lower interest expense from external borrowings as a result of changes in interest rates. If interest rates were to increase by 1.0%, the impact to profit and loss would be an increase in interest expense of $494,700 (2016: $554,940). If interest rates were to decrease by 1%, the impact to profit and loss would result in a decrease in interest expense of $494,700 (2016: 554,910).

(d) Credit risk

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

The majority of the trade receivables are with debtors that operate in the travel industry and therefore is not considered to be any material concentration of credit risk within the Consolidated Entity.

The carrying amount of financial assets in the financial statements, net of any impairment losses and provision, represents the Consolidated Entity's maximum exposure to credit risk.

(e) Liquidity risk

The Consolidated Entity manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring the forecast and actual cashflows and matching the maturity profile of financial assets and liabilities.

(i) Financing arrangements

The Consolidated Entity had access to the following undrawn borrowing facilities at the end of the reporting period:

	Consolidated entity Year ended	
	30 June 2017 $'000	30 June 2016 $'000
Floating rate		
- Expiring within one year	**9,755**	10,598

26 Financial risk management (continued)

(e) Liquidity risk (continued)

As at reporting date, the Group had drawn down USD $2,500,000 (A$ 3,251,700) of the USD $10,000,000 HSBC working capital facility, of which the remainder represents the undrawn portion as at 30 June 2017.

(ii) Maturities of financial liabilities

The tables below analyse the Consolidated Entity's financial liabilities into relevant maturity groupings based on their contractual maturities for:

(a) all non-derivative financial liabilities, and
(b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

Contractual maturities of financial liabilities **At 30 June 2017**	**Less than 6 months $'000**	**6 - 12 months $'000**	**Between 1 and 2 years $'000**	**Between 2 and 5 years $'000**	**Over 5 years $'000**	**Total contractual cash flows $'000**	**Carrying amount (assets)/ liabilities $'000**
Non-derivatives							
Trade payables	**184,591**	**-**	**-**	**-**	**-**	**184,591**	**184,591**
Borrowings (excluding finance leases)	**8,806**	**5,715**	**20,401**	**17,983**	**-**	**52,905**	**49,470**
Total non-derivatives	**193,397**	**5,715**	**20,401**	**17,983**	**-**	**237,496**	**234,061**
Derivatives							
Trading derivatives	**495**	**-**	**-**	**-**	**-**	**495**	**495**
	495	**-**	**-**	**-**	**-**	**495**	**495**

Contractual maturities of financial liabilities **At 30 June 2016**	**Less than 6 months** $'000	**6 - 12 months** $'000	**Between 1 and 2 years** $'000	**Between 2 and 5 years** $'000	**Over 5 years** $'000	**Total contractual cash flows** $'000	**Carrying amount (assets)/ liabilities** $'000
Non-derivatives							
Trade payables	146,058	-	-	-	-	146,058	146,058
Borrowings (excluding finance leases)	36,812	2,422	17,320	-	-	56,554	55,494
Total non-derivatives	182,870	2,422	17,320	-	-	202,612	201,552
Derivatives							
Trading derivatives	338	-	-	-	-	338	338
	338	-	-	-	-	338	338

26 Financial risk management (continued)

(f) Fair value measurement

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Consolidated entity - at 30 June 2017	**Notes**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets					
Total financial assets		**-**	**-**	**-**	**-**
Financial Liabilities					
Derivatives used for hedging - foreign exchange contracts	26(b)	**-**	**495**	**-**	**495**
Derivatives used for hedging - cross currency interest rate swap	26(b)	**-**	**691**	**-**	**691**
Total financial liabilities		**-**	**1,186**	**-**	**1,186**

Consolidated entity - at 30 June 2016	**Notes**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets					
Total financial assets		-	-	-	-
Financial Liabilities					
Derivatives used for hedging - foreign exchange contracts	26(b)	-	338	-	338
Derivatives used for hedging - cross currency interest rate swap	26(b)	-	1,021	-	1,021
Total financial liabilities		-	1,359	-	1,359

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

The group’s policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Consolidated Entity is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Disclosed fair values

The group also has a number of assets and liabilities which are not measured at fair value, but for which fair values are disclosed in the notes.

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature.

The carrying amount of the borrowings is assumed to approximate fair value as borrowings disclosed in Note 14 are variable rate loans.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

27 Share-based payments

(a) Employee Share Option Plan

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

Option series	Number	Grant date	Expiry date	Exercise price^	Fair value at grant date
John Guscic - Tranche 1(a)	500,000	19/10/2011	30/06/2015	$2.60	$0.22
John Guscic - Tranche 1(b)	500,000	19/10/2011	30/06/2015	$2.60	$0.22
John Guscic - Tranche 2(a)	500,000	19/10/2011	30/06/2016	$3.10	$0.20
John Guscic - Tranche 2(b)	500,000	19/10/2011	30/06/2016	$2.98	$0.20
John Guscic - Tranche 3(a)	500,000	19/10/2011	30/06/2017	$3.80	$0.22
John Guscic - Tranche 3(b)	500,000	19/10/2011	30/06/2017	$3.68	$0.22
John Guscic - Tranche 1(c)	500,000	13/11/2013	30/06/2018	$4.88	$0.14
John Guscic - Tranche 1(c)	500,000	13/11/2013	30/06/2018	$4.64	$0.14
John Guscic - Tranche 2(c)	1,000,000	13/11/2013	30/06/2019	$5.14	$0.16
John Guscic - Tranche 3(c)	1,000,000	13/11/2013	30/06/2020	$5.64	$0.21

^ The exercise price for Tranches 2(b), 3(b), and 1-3(c) reflect the adjusted exercise price as a result of the rights issues on 6 June 2016 and 4 August 2017.

a) Tranche 1 – Vested on 1/09/2012 upon remaining in employment as at 30 June 2012
   Tranche 2 – Vested on 1/09/2013 as a result of the Company achieving the board determined budget for 2013
   Tranche 3 – Did not vest on 1/09/2014 as the Company did not achieve board determined budget for 2014
b) Tranche 1 – Vested on 1/09/2012 upon remaining in employment as at 30 June 2012
   Tranche 2 – Vested on 1/09/2013 as a result of remaining in employment at 30 June 2013
   Tranche 3 – Vested on 1/09/2014 as a result of remaining in employment at 30 June 2014
c) Tranche 1 – Vested on 30/06/2015 as a result of remaining in employment at 30 June 2015
   Tranche 2 – Vested on 30/06/2016 as a result of remaining in employment at 30 June 2016
   Tranche 3 – Vested on 30/06/2017 as a result of remaining in employment at 30 June 2017

	2017		2016	
Consolidated entity	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance at beginning of financial year	**3,500,000**	**5.14**	4,500,000	4.67
Granted during the financial year	**-**	**-**	-	-
Forfeited during the financial year	**-**	**-**	-	-
Exercised during the financial year (i)	**(1,000,000)**	**4.28**	(1,000,000)	3.04
Expired during the financial year	**-**	**-**	-	-
Balance at end of financial year (ii)	**2,500,000**	**5.48**	3,500,000	5.14
Exercisable at end of financial year	**2,500,000**	**5.48**	2,500,000	4.84

As at 30 June 2017, the exercise price on outstanding options range from $4.88 to $5.88.

(i) Exercised during the financial year

* 500,000 options granted to John Guscic under Tranche 3(b) have been exercised on 23 August 2016 at an exercise price of $3.68. The share price at date of exercise was $9.31. The value of the options exercised by John Guscic was $1,840,000.

** 500,000 options granted to John Guscic under Tranche 1(c) have been exercised on 24 April 2017 at an exercise price of $4.88. The share price at date of exercise was $11.22. The value of the options exercised by John Guscic was $2,440,000.

(ii) Balance at end of the financial year

The share options outstanding at the end of the financial year had an weighted average exercise price of $5.48 (2016: $5.14) and a weighted average remaining contractual life of 2.2 years (2016: 3.7 years).

27 Share-based payments (continued)

(b) Employee share scheme

During the period, a total of 304,477 performance rights were granted 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 period was estimated on the grant date using the following assumptions:

Key assumptions	Webjet & Zuji	FitRuums
Vesting basis	Tenure & ASX 300 TSR	Tenure & KPIs
Pricing model	Monte Carlo	Binomial
Exercise price	Nil	Nil
Dividend yield (%)	-	-
Risk-free interest rate (%)	1.6	1.4 - 1.6
Expected volatility (%)	39 - 44	39 - 44
Expected life of performance rights (years)	1.25 - 3.35	0.89 - 3.13
Fair value per share ($)	3.90 - 4.10	7.45 - 9.17
Number of performance rights	79,428	225,049

There were no performance rights granted in prior years and only 11,576 of performance rights had vested as at 30 June 2017.

28 Related party transactions

(a) Subsidiaries

Interests in subsidiaries are set out in note 22(a).

(b) Key management personnel compensation

	Consolidated entity Year ended	
	30 June 2017 $	30 June 2016 $
Short-term employee benefits	**4,200,029**	3,433,880
Post-employment benefits	**189,011**	203,682
Share-based payments	**147,598**	118,150
	4,536,638	3,755,712

Detailed remuneration disclosures are provided in the Corporate Governance Report on page 34.

(c) Transactions with other related parties

There were no transactions with PT. AbdiTeknologiInformasi (ATI) of which Brad Holman is a director during the year (2016: $86,014).

APD Acquire Pty Ltd, a subsidiary of Asia Pacific Digital Limited of which Roger Sharp is a director was paid a total of $36,634 (2016: $50,031) during the year.

All transactions were conducted on a commercial arm's length basis and charged accordingly.

(d) Loans to/from related parties

	Consolidated entity At	
	30 June 2017 $	30 June 2016 $
Loans to key management personnel		
Beginning of the year	**1,499,908**	-
Loans advanced	**1,500,000**	1,500,000
Loans repayments received	**(1,577,500)**	(68,750)
Interest charged	**78,903**	68,658
Interest received	**-**	-
End of year	**1,501,311**	1,499,908

28 Related party transactions (continued)

(d) Loans to/from related parties (continued)

In the prior year, the Board approved to provide John Guscic with a limited recourse loan of $1,500,000, at a commercial interest rate and secured against the resulting shares, with the condition that the loan was used to exercise vested options. The loan is classified as other non-current assets in the consolidated balance sheet.

29 Business combination

(a) Acquisition of Online Republic

(i) Summary of acquisition

On 1 June 2016 the Group acquired 100% of the issued share capital of the following entities comprising the Online Republic Group:
- Online Republic Limited
- NZ Car Rental Republic Limited
- MotorHome Republic Limited
- Car Rental Republic Limited
- Search Republic Limited
- Cruise Republic Limited
- Earlybird (Shenzhen) Limited
- Online Republic Domains Limited
- Online Republic Travel Payments Pty Limited

Established in 2004, Online Republic is a market leading global online e-commerce group based in New Zealand with annual TTV in excess of NZ$200m. It specialises in online bookings of rental cars, motorhomes and cruises, together with an internally-developed search engine optimisation and digital marketing business. Online Republic has market leading positions in each of its core segments, with a #1 position globally in online motorhome rental bookings, a #1 position across Australia and New Zealand for online cruise bookings, and #2 for online car rental bookings across Australia and New Zealand. Webjet considers the Online Republic business to be highly complementary to its existing portfolio, levering core capabilities into the attractive online car rental, motorhome and cruise segments.

Goodwill has arisen from synergies expected to be achieved from the acquisition which include Online Republic's customer and affiliate relationships, and a trained and assembled workforce which does not meet the definition of a separately identifiable intangible asset. The acquisition accounting for the business combination has been finalised with goodwill amounting to $56,997,000. None of the goodwill is deductible for tax purposes.

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

	$'000
Purchase consideration (refer to (c) below):	
Cash paid	**61,933**
Ordinary share issued	**15,439**
Purchase price adjustment - working capital	**5,301**
Total purchase consideration	**82,673**

The equity portion of the purchase consideration comprises 2,756,006 ordinary shares in Webjet Limited at the closing bid price on the Australian Securities Exchange on acquisition date of $6.62 per share, adjusted for a fair value liquidity discount of $2.8m. This liquidity discount was calculated as 16.6% of the market value of 2,544,421 shares required to remain in escrow for a period of 15 months after the completion date.

The assets and liabilities recognised as a result of the acquisition are as follows:

29 Business combination (continued)

(i) Summary of acquisition (continued)

	Fair value $'000
Cash	**8,716**
Trade receivables	**32,558**
Current tax asset	**574**
Plant and equipment	**462**
Investments	**128**
Intangible assets	**28,576**
Other assets	**1,136**
Deferred tax asset	**1,367**
Trade payables	**(33,242)**
Other liabilities	**(6,071)**
Non-current liabilities	**(520)**
Deferred tax liability	**(8,008)**
Net identifiable assets acquired	**25,676**
Add: goodwill	**56,997**
Net assets acquired	**82,673**

The recognition of deferred taxes in the prior year has been reflected in the 'acquisition through business combination' line in note 6. Goodwill has increased by $7,491,413 due to net deferred tax liabilities recognised when provisional accounted amounts were finalised. In addition, deferred tax expense of $961,940 arising from timing differences during the period 1 June 2016 to 30 June 2016 in relation to these deferred taxes has been recognised in the profit and loss in the comparative period. All comparatives have been restated accordingly.

(i) Acquired receivables

Identifiable assets acquired include trade receivables with a gross contractual and fair value of $32,557,490. All amounts are expected to be collected.

(ii) Revenue and profit contribution

The acquired business contributed revenues of $2,110,351 and net profit of $665,954 to the Consolidated Entity for the period 1 June 2016 to 30 June 2016.

If the acquisition had occurred on 1 July 2015, estimated revenue and profit for the year ended 30 June 2016 contributed by Online Republic Group would have been $22,610,353 and $6,034,948 respectively.

(iii) Purchase price adjustment

The purchase price of $82,673,003 was subject to an agreed surplus cash net working capital calculation. According to this calculation, the purchase price and working capital was increased by $5,301,020.

(c) Purchase consideration - cash outflow

	30 June 2016 $'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	61,933
Working capital adjustment	5,301
	67,234
Less: balances acquired	
Cash	8,715
Net outflow of cash - investing activities	58,519

Acquisition-related costs

Acquisition-related costs of $246,610 that were not directly attributable to the issue of shares are included in other expenses in profit or loss and in operating cash flows in the statement of cash flows.

30 Disposal of subsidiaries

(a) Description

The Consolidated Entity 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 of $56,000,000, plus surplus cash adjustment, was received in three instalments; an initial deposit of $9,000,000 during the period, $47,000,000 balance payment in January 2017 and a post-completion surplus cash adjustment of $6,030,000.

(b) Cash flow information

Reconciliation of investing cashflows from disposal of subsidiaries:

	Consolidated entity Year ended 30 June 2017 $'000
Consideration received	62,030
Cash disposed of	(6,263)
Selling costs paid	(1,229)
Net cash received on disposal of subsidiaries	**54,538**

(c) Details of the sale of the subsidiary

	Consolidated entity At 30 June 2017 $'000
Consideration received or receivable:	
Cash	56,000
Surplus cash adjustment	6,030
Total disposal consideration	62,030
Cash and cash equivalents	(6,263)
Trade and other receivables	(5,646)
Other assets	(586)
Property, plant & equipment	(252)
Intangible assets	(31,162)
Deferred tax assets (net)	(907)
Trade & other payables	(518)
Provisions	123
Other liabilities	6,628
Gain on sale before income tax and reclassification of foreign currency translation reserve	23,447
Reclassification of foreign currency translation reserve	4,592
Gain on sale after income tax	28,039

31 Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	30 June 2017 $'000	30 June 2016 $'000
Balance sheet		
Current assets	**68,689**	-
Non-current assets	**168,498**	163,295
Total assets	**237,187**	163,295
Current liabilities	**1,711**	35,412
Non-current liabilities	**40,708**	20,676
Total liabilities	**42,419**	56,088
Shareholders' equity		
Issued capital	**136,457**	101,271
Reserves		
Available-for-sale financial assets	**55**	55
Cash flow hedges	**(518)**	(816)
Share-based payments	**1,467**	981
Retained earnings	**57,406**	5,717
	194,867	107,208
Profit or loss for the period	**76,246**	11,711
Total comprehensive income	**-**	-
Total comprehensive income	**76,246**	11,711

(b) Guarantees entered into by the parent entity

The Parent entity, along with other associated subsidiaries, have collectively given financial guarantees for unsecured banking facilities granted to the Group amounting to AUD $16.0m as disclosed in note 20.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2017 or 30 June 2016. For information about guarantees given by the parent entity, please see above.

(d) Determining the parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Webjet Limited. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

32 Events occurring after the reporting period

(a) Other events

JacTravel acquisition

On 2 August 2017 Webjet announced the acquisition of JacTravel, a market leading European B2B travel business. The acquisition will make WebBeds the #2 B2B player globally and the #2 B2B player in the important European market.

The acquisition price of £200 million represented 10.5x adjusted FY17 EBITDA and is estimated to be around 35% EPS accretive in FY17 on a pro-forma basis.

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 $45 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. This placement represented around 9% of the purchase price and approximately 2% of Webjet's issued capital. At the end of the placement, the number of shares on issue to be approximately 118.3 million.

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.

The acquisition completed on 31st August 2017. At the date of this report, it was determined that provisional accounting could not be disclosed in the notes to the financial statements as it would be impractical to do so, given the completion of the transaction occurred just prior to issuing the annual report.

External borrowings

In August 2017, the Group borrowed $100 million split equally across three banks to fund the acquisition of JacTravel. The term of each loan is 5 years, with scheduled quarterly repayments. At the same time, the Group also entered into EUR/AUD cross currency swaps with each of the banks to fix the EUR rate.

Exercise of options

Due to the rights issue on 4 August 2017, the exercise prices for the remaining Tranches were adjusted to $4.64, $5.14 and $5.64 for Tranches 1(c), 2(c) and 3(c) respectively.

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

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

Dividend

A final dividend of $0.10 per share, fully franked to 100% has been declared by the directors for payment on 12 October 2017 totalling $11.8 million.

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

33 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

(a) BDO Audit (SA) Pty Ltd

(i) Audit and other assurance services

	Consolidated entity Year ended 2017 $	2016 $
Audit and other assurance services		
Audit and review of financial statements	**228,370**	233,500

33 Remuneration of auditors (continued)

(a) BDO Audit (SA) Pty Ltd (continued)

Other services		
Preparation of subsidiary financial reports	**-**	4,500
Total remuneration of BDO Audit (SA) Pty Ltd	**228,370**	238,000

(b) Network firms of BDO Audit (SA) Pty Ltd

(i) Audit and other assurance services

Audit and review of financial statements	**256,060**	247,790

(ii) Other services

Other services		
Preparation of subsidiary financial reports	**7,498**	14,243
Advisory services	**118,340**	47,518
Tax advisory services	**147,000**	-
Total remuneration for other services	**272,838**	61,761
Total remuneration of network firms of BDO Audit (SA) Pty Ltd	**528,898**	309,551
Total auditors' remuneration	**757,268**	547,551

It is the Consolidated Entity's policy to employ BDO Audit (SA) Pty Ltd on assignments additional to their statutory audit duties where BDO Audit (SA) Pty Ltd's expertise and experience with the Consolidated Entity are important. These assignments are principally due diligence reporting on acquisitions, or where BDO Audit (SA) Pty Ltd is awarded assignments on a competitive basis. It is the Consolidated Entity's policy to seek competitive tenders for all major consulting projects.

In the Directors' opinion:

(a) the financial statements and notes set out on pages 42 to 97 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 23 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 23.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of Directors.

Melbourne

7 September 2017

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WEBJET LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Webjet Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated balance sheet as at 30 June 2017, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Accounting for Provision of Services Agreement with Thomas Cook

Key audit matter	How the matter was addressed in our audit
The Group entered into an agreement with Thomas Cook International AG ('Thomas Cook') in August 2016 to be appointed as the preferred supplier for the majority of the volume of Thomas Cook's complementary hotel business. As set out in the contract, the Group paid $35.9m to Thomas Cook for the right to enter the supply agreement, the transfer of approximately 3,000 hotel contracts and for the implementation costs of the deal. In addition, Thomas Cook agreed to pay the Group a fixed management fee of $35.9m in instalments in order to retain access to the hotel contracts. The Group proposed to account for the payment of the upfront fee and management fee received as two separate transactions, being the acquisition of an intangible asset (hotel contracts) and the recognition of revenue (fixed management fee) for services provided to Thomas Cook. Under Australian Accounting Standards, the $35.9m upfront fee paid and the $35.9m fixed management fee received are linked and therefore the appropriate accounting treatment is for it to be considered as one transaction. The Group has adopted this accounting treatment. This matter is considered important to a user's understanding of the financial statements as a whole as a result of the significant impact the accounting treatment can have on the financial performance and financial position of the Group. In addition, the complex nature of the agreement involved a significant level of interaction with management and the directors throughout the audit process.	Our audit procedures to address the matter included, among others: ▶ Obtaining an understanding of the transaction through a detailed review of the agreement and detailed discussions with those charged with governance ▶ Evaluating and challenging management's position paper, including advice obtained by management experts, and the key clauses of the agreement to determine the substance of the transaction in order to assess the proposed accounting treatment ▶ Evaluating the capability, competence and objectivity of the management expert ▶ Consulting with technical accounting experts and legal counsel to evaluate management's position paper and the management expert's advice regarding the accounting treatment and to review the underlying agreement to support the associated transactions ▶ Confirming that the appropriate accounting was reflected in the financial statements.

Finalisation of accounting for Online Republic Group acquisition

Key audit matter	How the matter was addressed in our audit
The Group completed the 100% acquisition of the Online Republic Group, effective 1 June 2016 with provisional accounting adopted in the prior year financial report. The disclosure in respect of finalisation of the accounting for this business combination within the 12 month measurement period as required by AASB 3 Business Combinations is included in Note 29. The acquisition of Online Republic Group was a major transaction that occurred during the prior year. The finalisation of the accounting for this acquisition has resulted in an additional net deferred tax liability of $6.6m being recognised with a corresponding increase reflected in goodwill. The purchase consideration of $82.7m has given rise to goodwill of $57m and other identifiable intangible assets of $28.6m. The Group has also disclosed in Note 2 (a)(ii) the reasons why the affiliate and non-contractual customer relationships identified in the purchase of Online Republic Group are considered to be subsets of goodwill. This matter was key to our audit as a result of the significant impact the transaction had on the financial position at the date of acquisition and the judgements made by management in finalising the accounting for the acquisition within the 12 month measurement period.	Our procedures in respect of the finalisation of the accounting for the acquisition, amongst others, included: ▶ Obtaining further information from management supporting the allocation of identifiable intangible assets and goodwill as set out in the Purchase Price Allocation report prepared by management's expert ▶ Engaging with internal technical accounting experts to assess management's position paper in respect of the judgements reached on the allocation of identifiable intangible assets and goodwill ▶ Obtaining and evaluating the calculations prepared by management's expert quantifying the impact of any associated deferred taxes to be recognised as part of the acquisition accounting ▶ Evaluating the capability, competence and objectivity of the management expert ▶ Engaging with an internal tax specialist to evaluate the calculations prepared by management regarding any associated deferred taxes ▶ Evaluating the results of the work performed by the internal tax specialist. ▶ Checking that the final acquisition accounting was appropriately updated and ensuring that any necessary changes were reflected appropriately in the financial statements.

Disposal of Zuji Limited and Zuji Travel Pte Ltd

Key audit matter	How the matter was addressed in our audit
The Group's disclosure in respect of the disposal of components occurring during the year is included in Note 30, which specifically outlines the 100% disposal of Zuji Limited and Zuji Travel Pte Ltd, effective 31 December 2016. The sale consideration received of $62m has given rise to a gain on disposal of $28m. The Group has also disclosed in Note 2 (a)(iii) the reasons why the disposal of these subsidiaries is not considered to be classified as a discontinued operation under AASB 5 and additional information at Note 2(a)(v) regarding the reason why the gain on disposal has been treated as non-assessable income for taxation purposes. The disposal of Zuji Limited and Zuji Travel Pte Ltd was a major transaction that occurred during the year and had a significant impact on the financial performance of the Group due to its size and the judgements involved in the accounting and disclosure of the disposal.	The matter was addressed in our audit through the following procedures: ▶ Confirming the accounting for disposal of the components by reference to supporting documents including the sale contract, completion statement, underlying accounting records and the requirements of applicable Accounting Standards ▶ Engaging with internal technical accounting experts to consider the accounting and disclosure implications of the disposal ▶ Engaging with an internal tax specialist to evaluate the advice prepared by management's expert regarding the tax exempt status of the gain on disposal ▶ Evaluating the capability, competence and objectivity of the management expert ▶ Evaluating the results of the work performed by the internal tax specialist.

New Accounting Policy - Revenue Recognition for Webjet Exclusives

Key audit matter	How the matter was addressed in our audit
The evolving nature of the Webjet Exclusives business model results in Webjet bearing more of the significant risks and rewards associated with the sale and fulfilment of travel packages. As a consequence, there is a new accounting policy that has been adopted by the Group for revenue recognition, whereby it has been determined that Webjet is acting as principal on the majority of travel packages offered under the Webjet Exclusives brand. The Group's disclosures of the accounting policies for revenue recognition when acting as principal are included in Note 1(e) and there is further related disclosure in Note 2 (a)(iv) and Note 4. This new accounting policy is considered important to a user's understanding of the financial statements as a whole and has resulted in material changes to the pattern of revenue/profit recognition. It has also involved a high level of interaction with management and the directors and required substantially increased audit effort.	Our audit procedures to address the matter included, amongst others: ▶ Consulting with a technical accounting expert to assess management's position paper regarding Webjet Exclusives acting as principal and the associated accounting impact ▶ Evaluating the effects of the new accounting policy and ensuring appropriate application ▶ Selecting a sample of Webjet Exclusives transactions to ensure that revenue and cost recognition is being correctly captured in the accounting system ▶ Reviewing in detail the significant changes in presentation and associated note disclosures in the financial statements to ensure they are in accordance with the applicable Accounting Standards.

Impairment testing of Goodwill and Trademarks

Key audit matter	How the matter was addressed in our audit
The Group's disclosures in respect to intangible assets are included at Note 12, which specifically explains the basis of impairment testing and the key assumptions used for value-in-use calculations and how reasonably possible changes to these assumptions would not have an impact on the carrying value. Under AASB 136 Impairment of Assets, the Group is required to annually test the amount of goodwill and identifiable intangible assets with indefinite useful lives (trademarks) for impairment. These annual impairment tests were significant to our audit because the balance of goodwill of $73.8m and trademarks of $18.5m as at 30 June 2017 is material to the financial statements. In addition, management's assessment process is complex and highly judgmental and is based on assumptions, specifically growth rates, profit margins and discount rates, which are affected by expected future market or economic conditions, particularly those in the B2C Travel and B2B Travel segments for impairment testing of goodwill and at the cash generating unit level for impairment testing of trademarks.	Our audit procedures to address the matter included, amongst others: ▶ Evaluating and challenging the assumptions and methodologies used by the Group, in particular those relating to the forecasted revenue growth and profit margins for B2C Travel and B2B Travel segments for goodwill and trademark impairment testing ▶ Considering the adequacy of the Group's analysis and disclosure for changes in those assumptions to which the outcome of the impairment testing is most sensitive that is, those that have the most significant effect on the determination of the recoverable amount of goodwill and trademarks.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 29 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Webjet Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO

BDO Audit (SA) Pty Ltd

Paul Gosnold

Paul Gosnold
Director

Adelaide, 7 September 2017

The shareholder information set out below was applicable as at 31 August 2017.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Class of equity security	
	Ordinary shares	
Holding	**Shares**	**Options**
1 - 1000	1,138,363	-
1,001 - 5,000	5,486,358	-
5,001 - 10,000	3,805,116	-
10,001 - 100,000	10,467,363	1
100,001 and over	94,658,634	-
	115,555,834	1

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	**Ordinary shares**	
	Number held	**Percentage of issued shares**
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	25,051,069	21.68
J P MORGAN NOMINEES AUSTRALIA LIMITED	16,727,597	14.48
CITICORP NOMINEES PTY LIMITED	13,811,633	11.95
NATIONAL NOMINEES LIMITED	9,369,733	8.11
BNP PARIBAS NOMS PTY LTD <DRP>	3,756,841	3.25
MR STEVEN SCHEUER <NO 1 ACCOUNT>	3,311,425	2.87
JAYELLE SUPER PTY LTD <JOHN LEMISH SUPER FUND A/C>	2,155,000	1.86
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	1,629,899	1.41
UBS NOMINEES PTY LTD	1,585,055	1.37
MICHAEL BALLANTYNE + JENNIFER BALLANTYNE + HARBOUR TRUSTEE SERVICES (BALLANTYNE) LTD <JAMES FAMILY A/C>	1,507,107	1.30
MS KING-ENG TAN	1,221,828	1.06
MR STEVEN SCHEUER <NO 2 ACCOUNT>	1,135,717	0.98
MR JOHN LEMISH	900,000	0.78
MR CHRIS CARR + MRS BETSY CARR	818,000	0.71
MR IAN STANLEY BOOTES + MRS KYLIE BOOTES	816,607	0.71
MR JOHN GUSCIC	583,334	0.50
AMP LIFE LIMITED	489,991	0.42
UBS NOMINEES PTY LTD	474,820	0.41
MR DMITRY RUBAN + ALEKSANDRA MATVEEVA + REGION 35 LIMITED <RUBAN MATEEVA FAMILY A/C>	438,209	0.38
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	430,709	0.37
	86,214,574	74.60

C. Substantial holders

Substantial holders in the company are set out below:

	Number held	Percentage
Mr Steven Scheuer	4,720,381	4.08%
Colonial First State - Growth Australian Equities	4,298,914	3.72%
Thorney Investments	4,138,000	3.58%
Smallco Investment Manager	3,973,852	3.44%
BT Investment Mgt	3,419,986	2.96%
	20,551,133	17.78%

D. Voting rights

Ordinary shares: 115,555,814 fully paid ordinary shares are held by 6,041 individual shareholders. All issued ordinary shares carry one vote per share.

Options: 1,750,000 options are held by an individual option holder. Options do not carry a right to vote.