webjet.com.au

Webjet Limited

ABN 68 002 013 612

Annual report for the financial year ended 30 June 2009

Index to the Annual Report

Contents | **Page**

Corporate Information

Registered Office	Share Registry
Level 9	Computershare Investor Services Pty Ltd
492 St Kilda Road	Level 5
Melbourne Vic 3004	115 Grenfell Street
Phone: (03) 9820 9214	Adelaide SA 5000
Email: webjet@webjet.com.au	Phone: (08) 8236 2300

Principal Administrative Office	Company Secretary
Level 9	John Viegas
492 St Kilda Road	Level 9
Melbourne Vic 3004	492 St Kilda Road
	Melbourne Vic 3004

Solicitors	Auditors
Minter Ellison	BDO Kendalls (SA)
525 Collins Street	248 Flinders Street
Melbourne Vic 3001	Adelaide SA 5000

Bankers	Internet Address
ANZ Bank	www.webjet.com.au
420 St Kilda Road	
Melbourne Vic 3004	

Directors' report

The directors of Webjet Ltd submit herewith the annual financial report of the company and controlled entities for the financial year ended 30 June 2009. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Information about the directors and senior management

The names and particulars of the directors of the company during or since the end of the financial year are:

Name	Experience
Allan Nahum FCA, FICD, AAISA (Non Executive Chairman)	Former partner in the Melbourne based accounting and consulting firm HLB Mann Judd, with extensive experience in the profession as a business consultant. He has worked in the travel industry as an Auditor and Consultant for over 30 years.
David Clarke (Managing Director)	Held senior management positions with the Jetset travel group 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. He has worked closely with most major airlines, including Qantas, British Airways, Ansett Australia, United Airlines and others over 25 years and is internationally recognised in the travel industry.
John Lemish BEc (Executive Operations Director)	With over 25 years experience in the travel industry, he has a wealth of operational experience. He was extensively involved in international operations in the UK and Europe, North America and Asia, and was responsible for the international buying of hotels and land suppliers globally.
Steven Scheuer BBus (Acc) (Non Executive Director)	After spending a number of years in public accounting practice, he established his own manufacturing and importing business using strong and well known clothing brand labels throughout Australia and New Zealand.
Chris Newman BEc, BComm (Non Executive Director)	Has had extensive experience over many years in investment analysis, stockbroking, mergers and acquisitions, and was instrumental in the original public listing of Webjet. Other directorships past and present include Gunns Limited, Coneco Limited, Austereo Group Limited and Prime Financial Group Limited.
John Guscic BEc, MBA (Non Executive Director)	Currently MD, Pacific region for Travelport (formerly Cendant TDS), John is responsible for Travelport's major brands - Galileo and GTA. He has been instrumental in identifying and shaping new business ventures; forging strong, strategic relationships and managing both multinational and local customer retention and growth. Prior to Travelport, John founded his own successful strategic consultancy advising Internet start-ups.
Don Clarke LLB (Hons) (Non Executive Director)	Is a partner in the Law firm Minter Ellison and has had extensive commercial experience. He has been associated with Webjet in his capacity as a senior legal advisor for some years. Other directorships past and present include Circadian Technologies Ltd and Metabolic Pharmaceuticals Ltd.

Directors' shareholdings

The following table sets out each director's shareholding as at 30 June 2009, their relevant interest in shares and options in the company as at the date of this report.

Directors	Fully paid ordinary shares Number	Share options Number
Allan Nahum	722,925	-
David Clarke	15,443	1,000,000
John Lemish	2,172,088	750,000
Chris Newman	1,177,387	-
John Guscic	54,450	-
Steven Scheuer	6,349,786	-
Don Clarke	10,000	-

Remuneration of directors and senior management

Information about the remuneration of directors and senior management is set out in the remuneration report of this Directors' Report, on page 6.

Share options granted to directors and senior management

During and since the end of the financial year no share options have been granted to directors or senior management.

Company secretary

John Viegas BCom, held the joint position of Company Secretary and Financial Controller at the end of the financial year and was appointed Company Secretary, 6 February 2009 replacing Rod Brandenburg. Mr Viegas has extensive background in Financial & Management Accounting in various industries including Petrochemical and Hospitality.

Principal activities

The principal activities of entities within the consolidated entity during the financial year were that of an electronic manager and marketer of travel and related services utilising the internet and other mediums. There have been no significant changes in the nature of those activities during the financial year.

Review of Operations

The year ended 30 June 2009 has produced a profit before tax of $10.8 million (2008: $9.5 million) and net profit after tax of $7.7 million (2008 $9.4 million). During the year the company has experienced a growth in total transaction values of $388 million from $330 million.

The year demonstrates the economic success of Webjet's increasing market footprint. Total transaction values increased by 18% relative to the same period last year. The results demonstrate the potential leverage of Webjet's low cost base, tightly controlled marketing expenditure and deliberately focused business plan.

Webjet has experienced, by any measure, an extremely successful year as evidenced by the following tabulation of results. The year demonstrates the extraordinary success of Webjet's increasing market footprint against a general travel environment that has evidenced negative growth of between 10 and 15% relative to the previous year.

Webjet has effectively defied the trend.

	30 June 2009 $'M*	30 June 2008 $'M	30 June 2007 $'M	30 June 2006 $'M	30 June 2005 $'M
Total transaction values	388	330	250	172	77
Total number of flight bookings ('000)	657	544	448	358	184
Net profit before tax	10.8	9.5	5.3	3.5	0.7
Net profit after tax					
Net profit after tax (including once-off tax credit)	7.7	9.4	4.0	2.4	1.4
Net profit after tax (excluding once-off tax credit)	7.7	6.7	4.0	2.4	1.4
Operating cash flow	8.5	11.2	6.7	4.3	1.4

Changes in state of affairs

There was no significant change in the state of affairs of the consolidated entity during the financial year.

Subsequent events

There has not been any 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.

Share buyback

During 2009 Webjet Ltd repurchased 194,474 shares for $218,344. The shares were repurchased at the prevailing market price on the dates of the buy-back.

Future developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Dividends

The final dividend for the year ended 30 June 2008 of $0.03 per share franked to 100% was paid on 9 October 2008. The total payment was $2.255M. An interim dividend for the year ended 30 June 2009 of $0.025 per share and a special dividend of $0.005 per share both fully franked totalling $2.249M was paid on 16 April 2009. A final dividend of $0.03 per share and a special dividend of $0.005 per share both franked to 100% have been declared by the directors for payment 8 October 2009.

Shares under option or issued on exercise of options

Details of unissued shares or interests under option as at the date of this report are:

Webjet Limited	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
David Clarke	250,000	ORD	$0.6997	30/03/2011
David Clarke	750,000	ORD	$1.3365	30/03/2012
John Lemish	375,000	ORD	$0.6997	30/03/2011
John Lemish	375,000	ORD	$1.3365	30/03/2012
Richard Noon	600,000	ORD	$1.3115	31/08/2013
Richard Noon	1,250,000	ORD	$1.3480	31/08/2014

The holders of these options do 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.

Details of shares or interests issued during or since the end of the financial year as a result of exercise of an option are:

Webjet Limited	Number of shares issued	Class of shares	Amount paid for shares	Amount unpaid on shares
Richard Noon	400,000	ORD	$524,606	-

Indemnification of officers and auditors

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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 of any related body corporate against a liability incurred as such an officer or auditor.

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 16 board meetings, 2 nomination and remuneration committee meetings and 3 audit and risk committee meetings were held.

	Board of directors		Nomination & remuneration committee		Audit committee	
Directors	Held	Attended	Held	Attended	Held	Attended
Allan Nahum	18	15	2	2	3	2
David Clarke	18	18	-	-	3	3
Chris Newman	18	15	-	-	3	3
Steven Scheuer	18	14	-	-	-	-
John Lemish	18	17	-	-	-	-
John Guscic	18	12	2	2	-	-
Don Clarke	18	16	-	-	3	3

Non-audit services

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence as the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board. The following fees for non-audit services were paid/payable to the external auditors or their associated entities during the year ended 30 June 2009:

	BDO Kendalls (SA)	BDO Kendalls (QLD)	BDO Kendalls (VIC)
Taxation compliance services	-	-	25,575
Taxation advice on research and development	-	8,100	-
Other general services	352	-	8,960

Auditor’s independence declaration

The auditor’s independence declaration has been received and is included on page 14 of the annual report.

Rounding off of amounts

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

Remuneration report

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of Webjet Limited's directors and its senior management for the financial year ended 30 June 2009. The prescribed details for each person covered by this report are detailed below under the following headings:

- director and senior management details
- remuneration policy
- remuneration of directors and senior management
- service and employment agreements of key executives.

Director and senior management details

The following persons acted as directors of the company during or since the end of the financial year:

- Allan Nahum
- David Clarke
- John Lemish
- Chris Newman
- Steven Scheuer
- John Guscic
- Don Clarke

The term 'senior management' is used in this remuneration report to refer to the following persons. Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year:

- Richard Noon (Chief Executive Officer)
- Rod Brandenburg (Chief Financial Officer – Resigned 6 February 2009)
- Alex Orlov (Chief Technology Officer)
- David Galt (Marketing Manager)
- John Viegas (Financial Controller – Appointed 27 August 2008)

Remuneration philosophy

The consolidated entity's remuneration policy seeks to ensure that:

1. it is able to attract and retain management and operating staff with a particular and specialised mix of marketing, commercial and technical skills appropriate for its business plan. This blend of skills is sought from a competitive environment where there is limited supply.
2. remuneration is competitive with the appropriate incentives for continued employment, which, in turn, is an important component in the protection of the company's intellectual property which provides part of the company's competitive edge.
3. the interests of management and general operating staff reflect a close alignment with the interests of shareholders.

The company has accordingly, in place, a range of incentive programs at all levels, relative to certain KPIs which relate to quality standards, cost management and budget achievement.

The company does not subscribe, at senior level, to the philosophy of excessive 'at risk components' at a cash salary level and considers a more appropriate methodology is to limit the 'at risk component' to a meaningful but not excessive level. Put more succinctly, it considers total employment should be 'at risk' if performance does not deliver prescribed results.

The company monitors remuneration levels through industry comparisons, market intelligence and comparative data of publicly listed companies and takes external specific advice from specialists when considered necessary.

Having regard to the unprecedented economic climate the company is conscious of the need to ensure that there is an appropriate balance between remuneration and performance and a conservative position to ensure shareholders funds are maximized and protected. As a result the company has instigated a 'Salary Freeze' with effect from 1July 2009 for the 2009/10 financial year and has further aligned all staff payments to reflect the achievement of quality and profit targets. To ensure the company's assets are protected to the maximum extent possible a position guarantee subject only to performance has been extended to all staff with the objective of ensuring that appropriate skills are preserved and enhanced.

Remuneration of directors and senior management

2009	Short-term employee benefits Salary & fees $	Bonus $	Non-monetary $	Other $	Post-employment benefits Super-annuation $	Other long-term employee benefits $	Share-based payment Options & rights $	Total $
Non-executive directors								
Allan Nahum	23,625	-	-	-	70,875	-	-	94,500
Chris Newman	42,385	-	-	-	3,815	-	-	46,200
Steven Scheuer	23,119	-	-	-	2,081	-	-	25,200
John Guscic	30,450	-	-	-	-	-	-	30,450
Don Clarke	42,385	-	-	-	3,815	-	-	46,200
	161,964	**-**	**-**	**-**	**80,586**	**-**	**-**	**242,550**
Executive officers								
David Clarke	457,600	100,000	-	-	96,000	-	-	653,600
Richard Noon	238,735	115,000	-	-	100,000	-	386,400	840,135
John Lemish	117,708	50,000	-	-	100,000	-	-	267,708
Rod Brandenburg	204,858	67,500	-	-	15,194	-	-	287,552
Alex Orlov	146,789	40,000	-	-	13.211	-	-	200,000
David Galt	119,266	20,000	-	-	10,734	-	-	150,000
John Viegas	100,765	-	-	-	9,069	-	-	109,834
	1,385,721	**392,500**	**-**	**-**	**344,208**	**-**	**386,400**	**2,508,829**

2008	Short-term employee benefits Salary & fees $	Bonus $	Non-monetary $	Other $	Post-employment benefits Super-annuation $	Other long-term employee benefits $	Share-based payment Options & rights $	Total $
Non-executive directors								
Allan Nahum	22,500	-	-	-	81,666	-	13,960	118,126
Chris Newman	35,091	-	-	-	3,158	-	-	38,249
Steven Scheuer	12,538	-	-	-	15,295	-	-	27,833
John Guscic	23,275	-	-	-	1,225	-	-	24,500
Don Clarke	19,123	-	-	-	1,211	-	-	20,334
Bernard Lochtenberg	27,083	-	-	-	-	-	-	27,083
	139,610	**-**	**-**	**-**	**102,555**	**-**	**13,960**	**256,125**
Executive officers								
David Clarke	382,600	27,000	-	-	96,000	-	-	505,600
Richard Noon	196,073	25,000	-	-	75,000	-	183,306	479,379
John Lemish	108,500	65,000	-	-	84,000	-	-	257,500
Rod Brandenburg	171,183	-	-	-	15,407	-	-	186,590
Alex Orlov	131,498	20,000	-	-	11,835	-	2,683	166,016
David Galt	103,458	-	-	-	9,311	-	-	112,769
Peter O'Sullivan	56,765	30,000	-	-	3,922	-	6,205	96,892
Dean Maidment	78,741	20,000	-	-	7,087	-	1,030	106,858
	1,228,818	**187,000**	**-**	**-**	**302,562**	**-**	**193,224**	**1,911,604**

The following key management personnel were granted a cash bonus during the year ended 30 June 2009 based on group performance against budget for 2008 and upon certain service anniversaries. 100% of the bonuses payable for the year vested with the employees, there were no amounts forfeited except those for anniversaries where the employee was no longer employed by the group.

David Clarke	$100,000
Richard Noon	$115,000
John Lemish	$50,000
Alex Orlov	$40,000
Rod Brandenburg	$67,500
David Galt	$20,000

Schedule of bonuses

	Total Cash Bonus at Risk	Achievement of 2009 Group Budget	Payable on Reaching Anniversary of Service	Next Anniversary of Service
D Clarke	100,000	100,000	-	-
R Noon	100,000	70,000	30,000	June 2010
J Lemish	50,000	25,000	25,000	March 2010
A Orlov	40,000	20,000	20,000	May 2010
D Galt	35,000	20,000	15,000	August 2010
J Viegas	5,000	-	5,000	August 2009

Bonuses and share-based payments granted as compensation for the current financial year

Bonuses

The current Webjet bonus plan is based on a combination of the company achieving the board approved budget for the year as well as reaching certain anniversaries of service.

From 1 July 2009, the company has introduced a company-wide bonus incentive scheme. Every employee will be entitled to a bonus upon the company achieving the board approved budget for the year as well as a customer satisfaction bonus. The anniversary however, will no longer be paid.

Employee share option plan

The Webjet share option plan is no longer in existence with no further options issued during the year. The payments noted above are as a result of amounts expensed in the profit and loss as a result of those issued in prior years. The board has no intention of re-instating the plan at this time.

Tax deferred shares

There were no tax deferred shares granted to staff in the year ended June 2009 (2008: nil). The company has no intention of granting any further tax deferred shares at this time.

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

Options series	Grant date	No of options	Exercise price	Expiry date	Grant date fair value	Vesting date
D Clarke (a)	10/11/2004	250,000	0.6997	30/03/2011	0.0504	31/03/2006
J Lemish (a)	10/11/2004	375,000	0.6997	30/03/2011	0.0504	31/03/2006
D Clarke (a)	10/11/2004	750,000	1.3365	30/03/2012	0.0568	31/03/2007
J Lemish (a)	10/11/2004	375,000	1.3365	30/03/2012	0.0568	31/03/2007
A Nahum (b)	02/11/2005	62,500	0.2668	Exercised	1.0522	01/11/2007
R Noon – Tranche 1 (c)	07/03/2006	750,000	1.2284	Exercised	0.2812	01/09/2007
R Noon – Tranche 2 (c)	07/03/2006	1,000,000	1.3115	31/08/2013	0.2420	01/09/2008
R Noon – Tranche 3 (c)	07/03/2006	1,250,000	1.3480	31/08/2014	0.3500	01/09/2009

(a) These options vest on the dates indicated as long as the employee remains in employment within the entity until the vesting date.
(b) There are no vesting conditions to these options.
(c) Tranche 1 – 50% vests if company achieves board determined budget for 2007, 50% vest if remains in employment at 30 June 2007. Tranche 2 – 50% vests if company achieves board determined budget for 2008, 50% vest if remains in employment at 30 June 2008. Tranche 3 – 50% vests if company achieves board determined budget for 2009, 50% vest if remains in employment at 30 June 2009.

During the year, the following directors and senior management exercised options that were granted to them as part of their compensation. Each option converts into one ordinary share of Webjet Ltd.

Name	No. of options exercised	No. of ordinary shares of Webjet Ltd issued	Amount paid	Amount unpaid
Richard Noon	400,000	400,000	524,606	-

Unexercised Options over Ordinary Shares

Details of unissued shares or interests under option held by directors or senior executives as at the date of this report are:

	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
David Clarke	250,000	ORD	0.6997	30/03/2011
David Clarke	750,000	ORD	1.3365	30/03/2012
John Lemish	375,000	ORD	0.6997	30/03/2011
John Lemish	375,000	ORD	1.3365	30/03/2012
Richard Noon	600,000	ORD	1.3115	31/08/2013
Richard Noon	1,250,000	ORD	1.3480	31/08/2014

Service and employment agreements of key executives

The following table sets out the key elements of the senior executive service agreements.

	Agreement Date	Term (Years)	Notice Period	Termination Payment	Base Salary (Inc Superannuation) $	Salary at Risk $	Possible Total $
D Clarke	19 March 2008	3	12 Months	12 months in lieu of notice	550,000	100,000	650,000
R Noon	7 March 2007	3	6 Months	6 months in lieu of notice	345,000	100,000	445,000
J Lemish	1 April 2006	3	6 Months	6 months in lieu of notice	250,000	50,000	300,000
A Orlov	1 May 2007	3	6 Months	6 months in lieu of notice	160,000	40,000	200,000
D Galt	7 May 2007	1	1 Month	1 month in lieu of notice	130,000	35,000	165,000
J Viegas	27 August 2008	1	3 Months	3 month in lieu of notice	130,000	5,000	135,000

Remuneration philosophy

The board monitors and reviews the performance of executive directors (including the Managing Director) as well as the performance of key senior management. The Board receives regular updates on the performance of Webjet as a whole. The Chairman of the company endeavours to implement change at a Board level to incorporate recommendations that flow out of this review process. The company has in place a Nomination and Remuneration Committee which seeks to ensure that the Company's remuneration levels are appropriately aimed at delivering maximum benefit for the Company. The Nomination and Remuneration Committee has responsibility for ensuring that the company:

- Has coherent remuneration policies and practices to attract and retain executives and directors who will create value for shareholders;
- Observes those remuneration policies and practices; and
- Fairly and responsibly rewards executives having regard to the performance of Webjet, the performance of the executives and the general pay environment.

Remuneration Committee

The current members of the Nomination and Remuneration Committee are the independent directors John Guscic (Chairman) and Allan Nahum. The Committee receives external assistance and advice to assist it in determining appropriate levels of remuneration for the directors of the Company.

Senior Management and Executive Director Remuneration

The Webjet group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the company and so as to:

- reward executives for company, business unit and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the company; and
- ensure total remuneration is competitive by market standards.

Remuneration consists of the following key elements:

- fixed remuneration; and
- incentive remuneration in the form of performance and retention bonuses.

The proportion of fixed remuneration and variable remuneration is established for each executive by the Managing Director in consultation with the Nomination and Remuneration Committee. The proportion of fixed remuneration and variable remuneration is established for the Managing Director by the Nomination and Remuneration Committee.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level which provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders. When setting fees for individual directors, account is taken of the responsibilities inherent in stewardship of the consolidated entity and the demands made of directors in the discharge of their responsibilities.

The board is remunerated as follows:

Responsibility	Total Remuneration
Chairman (No additional fees)	94,500
Board Member	25,200
Additional committee fees	
Audit Committee	21,000
Nomination and remuneration committee	5,000

Fixed remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Nomination and Remuneration Committee and the process consists of a review of company-wide, business unit and individual performance, relevant comparative remuneration in the market and internal and, where appropriate, external advice on policies and practices.

Senior executives are given the opportunity to receive their fixed (primary) remuneration as either cash or superannuation. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the company.

Variable remuneration

The company has implemented a bonus plan that seeks to incentivise and retain it's key executives by rewarding company and individual performance.

Signed in accordance with a resolution of the directors made pursuant to s.298 (2) of the Corporations Act 2001.
On behalf of the directors

Allan Nahum (Chairman)
5 August 2009

Corporate governance statement

The Board of Directors are responsible for corporate governance of the company and its controlled entities. The Board considers good corporate governance a matter of high importance and aims for best practice in the area of corporate governance. This section describes the main corporate governance practices of the company.

In reviewing the corporate governance structure of Webjet, the Board have reviewed and considered the ASX Corporate Governance Councils' recommendations. Comment is made where key principles are not followed due to the size and nature of Webjet.

Board Responsibilities

The Board's key responsibilities are:

- oversight of the operation of the group including establishing, reviewing and changing corporate strategies;
- ensuring that appropriate internal control, reporting, risk management and compliance frameworks are in place;
- appointing, removing, reviewing and monitoring the performance of the Managing Director to whom the Board have delegated the day to day management of the group;
- approval of the annual report (including the financial report), the budget and the business plan of the group;
- regular (at present at least monthly) review of the group's performance against the budget and the business plan;
- approving material contractual arrangements including all major investments and strategic commitments;
- making decisions concerning the group's capital structure, the issue of any new securities and the dividend policy;
- establishing and monitoring appropriate committees of the Board including the audit and risk committee and the remuneration committee;
- reporting to shareholders; and
- ensuring the company's compliance with all legal requirements including the ASX Listing Rules.

Structure of Board

The maximum number of directors provided for by the Company's constitution is seven and the Company currently has seven directors on the Board. A director may be appointed by resolution passed at a general meeting or, in the case of casual vacancies, by the directors.

Potential additions to the Board are carefully considered by the Board prior to being nominated to shareholders or appointed as casual vacancies. The skills, experience and expertise of each of the directors are set out in the first section of the Annual Report.

The Board currently has four independent directors being Allan Nahum (Chairman), Chris Newman, John Guscic and Don Clarke. The current Board is sufficiently balanced to protect the interests of shareholders.
The Company facilitates and pays for directors and committee members to obtain professional independent advice if they require it.

Code of Conduct

Webjet has a Code of Conduct as well as a number of internal policies and operating procedures aimed at providing guidance to directors, senior management and employees on the standards of personal and corporate behaviour required of all Webjet personnel. The Code of Conduct covers specific issues such as trading in Company securities by directors, officers and employees and also provides guidance on how to deal with business issues in a manner that is consistent with the Company's responsibilities to its shareholders.

Audit and Risk Committee

The Board has appointed an Audit and Risk Committee that operates under a charter approved by the Board.

The Committee provides a direct link between the Board and the external audit function as well as directing the internal audit function. The Committee is responsible for reviewing and reporting to the Board that:

- the system of internal control which management has established effectively safeguards the assets of the consolidated entity;
- accounting records are properly maintained in accordance with statutory requirements;
- financial information provided to shareholders is accurate and reliable;
- the external audit function is effective; and
- the internal audit function is independent of management.

The Committee is responsible for the appointment of the external auditor and ensures that the incumbent firm (and the responsible service team) has suitable qualifications and experience to conduct an effective audit. The external audit partner will be required to rotate every five balance dates in accordance with Clerp 9 requirements.

The Audit and Risk Committee meets regularly to review the half-year and annual results of Webjet, and to review the audit process, and those representations made by management in support of monitoring Webjet's commitment to integrity in financial reporting. The Financial Controller, Managing Director and the external auditors are invited to attend meetings of the Committee at the discretion of the Committee.

The members of the Audit and Risk Committee at the date of this annual report are the following non-executive directors of the Company: Chris Newman (Chairman of the Committee), Don Clarke and Allan Nahum.

Business Risk Management

The Company endeavours at all times to minimise and effectively manage risk. The Audit and Risk Committee reviews the control systems and policies of the Company in relation to risk management on an ongoing basis and maintains a diagrammatic representation of the key operating and control systems of the company.

The Audit and Risk Committee reviews key matters of business risk management and ensures appropriate measures are in place to protect the assets of the Company including the security of its software, the security of its premises and the appropriate provisioning of insurance policies.

In addition, the Audit and Risk Committee regularly provides specific advice or recommendations to the Board regarding the existence and status of business risks that the Company faces.

Nomination and Remuneration Committee Charter

The Nomination and Remuneration Committee is a committee of the Board of directors of Webjet Limited. The role of the Nomination and Remuneration Committee is not an executive role. The role of the Committee is to help the Board achieve its objective to ensure the company:

- has a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- has coherent remuneration policies and practices to attract and retain executives and directors who will create value for shareholders;
- observes those remuneration policies and practices; and
- fairly and responsibly rewards executives having regard to the performance of the group, the performance of the executives and the general pay environment.

The Nomination and Remuneration Committee is responsible for:

- identifying and recommending to the Board, nominees for membership of the Board;
- identifying and assessing the necessary and desirable competencies and characteristics for Board membership and regularly assessing the extent to which those competencies and characteristics are represented on the Board;
- developing and implementing processes to identify and assess necessary and desirable competencies and characteristics for Board members; and
- ensuring succession plans are in place to maintain an appropriate balance of skills on the Board and reviewing those plans.

Executive remuneration and incentive policies and practices are performance based and aligned with the group's vision, values and overall business objectives. In effect, the committee must give appropriate consideration to the Company's performance and objectives, employment conditions and remuneration relativities.

Disclosure

The company's policy is that shareholders are informed of all major developments that impact on the Company. The Company treats its continuous disclosure obligations seriously and has a number of internal operating policies and principles (including the Code of Conduct referred to above) that are designed to promote responsible decision-making and timely and balanced disclosure.

The Board is ultimately responsible for ensuring compliance by senior management and employees of the Company with the Company policies and therefore requires that senior management and employees have an up to date understanding of ASX listing requirements. The Company also ensures that the directors and senior management obtain timely and appropriate external advice where necessary.

The Company currently places all relevant announcements made to the market including all past annual reports, policies including corporate governance together with related information on its website: www.webjet.com.au/About_us

Additionally, the Company ensures that its external auditor is represented at the annual general meeting to answer shareholder questions about the conduct of the audit and the preparation of the auditor's report.

Performance and Remuneration

The Board reviews the performance of the executive directors including the Managing Director as well as the performance of key senior management. The Board receives regular updates of the performance of the group as a whole.

The Chairman of the Company endeavours to implement change at a Board level to incorporate recommendations that flow out of this review process.

As previously stated, the Company has in place a Nomination and Remuneration Committee which seeks to ensure that the company's remuneration levels are appropriate and aimed at delivering the maximum benefit for the Company.

The current members of the Nomination and Remuneration Committee are John Guscic and Allan Nahum. The Committee receives external assistance and advice to assist it in determining appropriate levels of remuneration for the directors of the Company.

Remuneration details of each of the directors and senior management are set out in the 'Remuneration Report' section of the Directors' Report.

BDO Kendalls

BDO Kendalls (SA)
248 Flinders St
Adelaide SA 5000
GPO Box 2018 Adelaide SA 5001
Phone 61 8 8223 1066
Fax 61 8 8232 0902
info.adelaide@bdo.com.au
www.bdo.com.au

ABN 68 506 530 045

AUDITOR'S INDEPENDENCE DECLARATION

Under s307C of the Corporations Act 2001

To the Directors of Webjet Limited and Controlled Entities

As lead auditor for the audit of Webjet Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) 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.

Gregory R Wiese
Partner

BDO Kendalls (SA)
Chartered Accountants

31 July 2009

Managing Director and Financial Controller Declaration

The Managing Director and Financial Controller of Webjet Limited declare that:

1. With regard to the integrity of the financial statements of Webjet Limited for the financial year ended 30 June 2009, that having made appropriate enquiries, in our opinion:

   (a) the financial records of Webjet Limited and of the entities whose financial statements are required to be included in its consolidated financial statements (the consolidated entity) for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001; and

   (b) the financial reports of Webjet Limited and of the consolidated entity, being the financial statements and notes thereto, present a true and fair view, in all material respects of the financial position and performance of Webjet Limited and of the consolidated entity in accordance with section 297 of the Corporations Act 2001 and comply with relevant accounting standards, in all material respects, in accordance with section 296 of the Corporations Act 2001.

2. With regard to the risk management and internal compliance and control systems of Webjet Limited and the consolidated entity in operation as at 30 June 2009, that having made appropriate enquiries, within the context described in point 3 below, to the best of our knowledge and belief:

   (a) The statements made in 1(b) above regarding the integrity of the financial reports is founded on a sound system of risk management and internal compliance and control systems which, in all material respects, implement the policies adopted by the Board of Directors.

   (b) The risk management and internal compliance and control systems to the extent they relate to financial reporting are operating effectively, in all material respects.

   (c) Nothing has come to our attention since 30 June 2009 that would indicate any material change to the statements made in 1(a) and 1(b) above, and

3. The statements made in (2) above regarding the risk management and internal compliance and control systems are made within the following context:

   (a) These statements provide a reasonable, but not absolute, level of assurance and do not imply a guarantee against adverse events or more volatile outcomes arising in the future.

   (b) The design and operation of the risk management and internal compliance and control systems relating to financial reporting has been assessed primarily through the use of declarations by process owners who are responsible for those systems.

Dated 5 August 2009

....

David Clarke (Managing Director)

....

John Viegas (Financial Controller/Company Secretary)

Director's Declaration

The directors of the company declare that:

1. In the directors' opinion, the financial statements and notes, as set out on pages 18 to 52, are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the company and the Consolidated Entity;

2. That the directors have been given the declarations required by s.295A of the Corporations Act 2001; and

3. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

4. That the remuneration disclosures contained in the remuneration report comply with s300A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to s.295 (5) of the Corporations Act 2001.

On behalf of the Directors

....

Allan Nahum (Chairman)

5 August 2009

Index to the financial report

Contents

Income statement
for the financial year ended 30 June 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Revenue					
Fees		27,532	23,166	-	-
Other Income		811	358	117	8
Interest Income		1,775	1,631	1,166	1,191
Royalties		-	-	3,672	2,915
	4	**30,118**	**25,155**	**4,955**	**4,114**
Expenses					
Employee benefits		(5,759)	(5,105)	-	-
Option expenses		(386)	(215)	-	-
Depreciation, amortisation and impairments		(290)	(222)	-	-
Marketing expenses		(7,185)	(5,826)	-	-
Operating costs		(3,275)	(2,092)	-	-
Technology expenses		(1,314)	(1,075)	-	-
Administrative expenses		(446)	(495)	-	-
Directors' fees		(243)	(211)	-	-
Other expenses		(446)	(442)	(53)	(6)
Profit before tax		**10,774**	**9,472**	**4,902**	**4,108**
Deferred tax (expense)/benefit		(393)	2,477	(388)	2,287
Current tax expense		(2,703)	(2,579)	(933)	(739)
Income tax (expense)/benefit	5	(3,096)	(102)	(1,321)	1,548
Profit attributable to members of the Company		**7,678**	**9,370**	**3,581**	**5,656**
Earnings per share					
Basic (cents per share)	18	**10.24**	**12.52**		
Diluted (cents per share)		**10.24**	**12.45**		

Notes to the financial statements are included on pages 23 to 52

Balance sheet
as at 30 June 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Current assets					
Cash and cash equivalents	23	9,534	21,049	3,767	7,265
Trade and other receivables	7	1,503	969	1,342	2,698
Other financial assets	8	21,362	6,873	16,437	6,873
Other assets	11	143	378		-
Total current assets		**32,542**	**29,269**	**21,546**	**16,836**
Non-current assets					
Other financial assets	8	-	-	5,568	5,568
Property, plant and equipment	9	853	825	-	-
Deferred tax assets	5	2,684	2,782	2,349	2,441
Intangible assets	10	5,210	4,153	5,210	4,153
Total non-current assets		**8,747**	**7,760**	**13,127**	**12,162**
Total assets		**41,289**	**37,029**	**34,673**	**28,998**
Current liabilities					
Trade and other payables	12	3,942	3,826	5,586	-
Other liabilities	14	20	172	-	-
Current tax liabilities	5	1,550	1,549	1,550	1,549
Provisions	13	588	500	-	-
Total current liabilities		**6,101**	**6,047**	**7,136**	**1,549**
Non-current liabilities					
Deferred tax liabilities	5	1,280	963	1,280	963
Provisions	13	36	15	-	-
Total non-current liabilities		**1,316**	**978**	**1,280**	**963**
Total liabilities		**7,417**	**7,025**	**8,416**	**2,512**
Net assets		**33,872**	**30,004**	**26,257**	**26,486**
Equity					
Contributed equity	15	23,569	23,069	23,569	23,069
Reserves	16	1,243	1,049	1,243	1,049
Retained profits	17	9,060	5,886	1,445	2,368
Total equity		**33,872**	**30,004**	**26,257**	**26,486**

Notes to the financial statements are included on pages 23 to 52.

Statement of changes in equity
for the financial year ended 30 June 2009

Consolidated

	Fully paid ordinary shares $'000	Retained profits/ (losses) $'000	Option Reserve $'000	Total $'000
Balance at 30 June 2008	23,069	5,886	1,049	**30,004**
Changes				
Profit for the year	-	7,678	-	**7,678**
Non cash issue	-	-	-	**-**
Transaction costs	-	-	-	**-**
Share buy-back	(218)	-	-	**(218)**
Share issue (exercise of options)	526	-	-	**526**
Cost of share placement	-	-	-	-
Dividends paid	-	(4,504)	-	(4,504)
Transfers to and from reserves				
Options exercised	192	-	(192)	**-**
Recognition of share based payments				
Options expense	-	-	386	**386**
Sub-total	500	3,174	194	**3,868**
Balance at 30 June 2009	**23,569**	**9,060**	**1,243**	**33,870**
Balance at 30 June 2007	22,194	(487)	1,092	**22,799**
Changes				
Profit for the year	-	9,370	-	**9,370**
Non cash issue	-	-	-	**-**
Transaction costs	-	-	-	**-**
Share buy-back	(300)	-	-	**(300)**
Share issue (exercise of options)	937	-	-	**937**
Cost of share placement	(19)	-	-	**(19)**
Dividends paid	-	(2,997)	-	**(2,997)**
Transfers to and from reserves				
Options exercised	257	-	(257)	**-**
Recognition of share based payments				
Options expense	-	-	214	**214**
Sub-total	875	6,373	(43)	**7,205**
Balance at 30 June 2008	**23,069**	**5,886**	**1,049**	**30,004**

Notes to the financial statements are included on pages 23 to 52.

Statement of changes in equity
for the financial year ended 30 June 2009

Company

	Fully paid ordinary shares $'000	Retained profits/ (losses) $'000	Option Reserve $'000	Total $'000
Balance at 30 June 2008	23,069	2,368	1,049	26,486
Changes				
Profit for the year	-	3,581	-	**3,581**
Non cash issue	-	-	-	**-**
Transaction costs	-	-	-	**-**
Share buy-back	(218)	-	-	**(218)**
Share issue (exercise of options)	526	-	-	**526**
Cost of share placement	-	-	-	-
Dividends paid	-	(4,504)	-	(4,504)
Transfers to and from reserves				
Options exercised	192	-	(192)	**-**
Recognition of share based payments				
Options expense	-	-	386	**386**
Sub-total	500	(923)	194	**(229)**
Balance at 30 June 2009	**23,569**	**1,445**	**1,243**	**26,257**
Balance at 30 June 2007	22,194	(294)	1,092	**22,992**
Changes				
Profit for the year	-	5,659	-	**5,659**
Share buy-back	(300)	-	-	**(300)**
Share issue (exercise of options)	937	-	-	**937**
Cost of share placement	(19)	-	-	**(19)**
Dividends paid	-	(2,997)	-	**(2,997)**
Transfers to and from reserves				
Options exercised	257	-	(257)	**-**
Recognition of share based payments				
Options expense	-	-	214	**214**
Sub-total	875	2,662	(43)	**3,494**
Balance at 30 June 2008	**23,069**	**2,368**	**1,049**	**26,486**

Notes to the financial statements are included on pages 23 to 52.

.

Cash flow statement
for the financial year ended 30 June 2009

		Consolidated		Company	
	Note	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Cash flows from operating activities					
Receipts from customers		27,664	23,410	-	-
Payments to suppliers and employees		(18,213)	(12,905)	(54)	-
Interest received		1,653	1,493	1,146	1,314
Income tax paid		(2,676)	(778)	(928)	-
Net cash provided by operating activities	23	**8,428**	**11,220**	**164**	**1,314**
Cash flows from investing activities					
Acquisition of property, plant and equipment	9	(318)	(533)	-	-
Acquisition of intangible assets	10	(1,057)	(512)	(1,057)	(512)
Purchase of floating rate notes		(21,362)	(6,873)	(16,437)	(6,873)
Proceeds from sale of floating rate notes		6,990	-	6,990	-
Loans from controlled entities		-	-	11,040	-
Loans to controlled entities		-	-	-	(2,040)
Net cash (used in)/provided by investing activities		**(15,747)**	**(7,918)**	**534**	**(9,425)**
Cash flows from financing activities					
Proceeds from issue of share capital		526	938	526	938
Payment for share buy-back		(218)	(300)	(218)	(300)
Payment for dividends		(4,504)	(2,997)	(4,504)	(2,997)
Payment for transaction costs		-	(19)	-	(19)
Net cash used in financing activities		**(4,196)**	**(2,378)**	**(4,196)**	**(2,378)**
Net increase in cash and cash equivalents		(11,515)	924	(3,498)	(10,489)
Cash and cash equivalents at the beginning of the financial year		21,049	20,125	7,265	17,754
Cash and cash equivalents at the end of the financial year	23	**9,534**	**21,049**	**3,767**	**7,265**

Notes to the financial statements are included on pages 23 to 52.

1. General information

Webjet Ltd (the company) is a public company listed on the ASX Limited, incorporated in Australia.

Webjet Ltd registered office and its principal place of business are as follows:

Registered office	**Principal place of business**
Level 9	Level 9
492 St Kilda Road	492 St Kilda Road
Melbourne Victoria 3004	Melbourne Victoria 3004

The financial report covers the consolidated entity of Webjet Limited and controlled entities, and Webjet Limited as an individual Company. Webjet Limited is a listed public company, incorporated and domiciled in Australia. The entity's principal activities are on-line travel agency

2. Statement of significant accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial report includes the separate financial statements of the company and the consolidated financial statements of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 5 August 2009.

Basis of preparation

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which fair value basis of accounting has been applied. Cost is based on the fair values of the consideration given in exchange for assets.

Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Adoption of new and revised Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below. The Group has also adopted the following Standards as listed below which only impacted on the Group's financial statements with respect to disclosure:

- AASB 101 'Presentation of Financial Statements (revised October 2006)
- AASB 7 'Financial Instruments: Disclosures'

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) (referred to as 'the Group' in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In preparing these consolidated financial statements, all inter-company balances and transactions, amortisation and unrealised profits arising within the consolidated entity are eliminated in full. A controlled entity is an entity Webjet Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

2. Significant accounting policies (cont'd)

(b) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(c) Joint venture arrangements

Jointly controlled assets

Interests in jointly controlled assets in which the Group is a venturer and has joint control are included in the financial statements by recognising the Group's share of jointly controlled assets (classified according to their nature), the share of liabilities incurred (including those incurred jointly with other venturers) and the Group's share of expenses incurred by or in respect of each joint venture. The Group also recognises income from the sale or use of output from the joint venture.

The Group's interests in assets where the Group does not have joint control are accounted for in accordance with the substance of the Group's interest. Where such arrangements give rise to an undivided interest in the individual assets and liabilities of the joint venture, the Group recognises its undivided interest in each asset and liability and classifies and presents those items according to their nature.

Jointly controlled operations

Where the Group is a venturer and so has joint control in a jointly controlled operation, the Group recognises the assets that it controls and the liabilities that it incurs, along with the expenses that it incurs and the Group's share of the income that it earns from the sale of goods or services by the joint venture.

Jointly controlled entities

Interests in jointly controlled entities in which the Group is a venturer (and so has joint control) are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements.

Investments in jointly controlled entities where the Group is an investor but does not have joint control over that entity are accounted for as an available-for-sale financial asset [update as appropriate] or, if the Group has significant influence, by using the equity method.

(d) Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of the acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

2. Significant accounting policies (cont'd)

(e) Foreign currency

The individual financial statements of each group entity are presented in its functional currency being the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of Webjet Ltd and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(f) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognised inclusive of GST
iii. the presentation of total transaction values.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(g) Revenue

Revenue from commission and booking fees on the sale of airline tickets and travel packages is recognised when the booking is made by the customer, payment has been received and the ticket has been issued.

The company does not carry the credit risk associated with the ticket sale. There is no credit risk associated with the service fee as the amount is received from the customer at the time of booking and is non-refundable. There is a credit risk associated with commissions, which are accrued on a ticketed basis (that is the consolidated entity has discharged it's obligation as an agent), but are generally only received once the customer has obtained the service from the third party service provider.

Dividend revenue from investments is recognised when the Group's right to receive payment has been established.
Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

The royalty income is recognised as a set fee at the time a booking is made. The royalty is paid by Webjet Marketing Pty Ltd to Webjet Ltd in accordance with a licence agreement.

(h) Government grants

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised as income of the period in which it becomes receivable.

(i) Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

2. Significant accounting policies (cont'd)

(j) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill on excess.

Tax consolidation

The company and all its wholly-owned Australian resident entities became part of a tax-consolidated group 1 July 2007 under Australian taxation law. Webjet Limited is the head entity in the tax-consolidated group. 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).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

(k) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of six months or less at the date of acquisition. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(l) Financial assets

Investments are initially measured at fair value net of transactions costs. Subsequent to initial recognition, investments in subsidiaries are measured at cost.

2. Significant accounting policies (cont'd)

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit and loss', 'held-to-maturity' investments, 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Available-for-sale financial assets

Certain financial assets such as floating rate notes held by the Group are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

Dividends on available-for-sale equity instruments are recognised in profit and loss when the Group's right to receive the dividends is established.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest income is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.
The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, 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, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2. Significant accounting policies (cont'd)

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

(m) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

The depreciable amount of all fixed assets 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 to its estimated residual value. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period.

The depreciation rate used for each class of depreciable asset is:

Office furniture, equipment and leasehold improvements	15%
Computer equipment and software	40%

(n) Amortisation

The useful lives of the intangible assets are reviewed on an annual basis and the useful life is altered if estimates have changed significantly. Gains or losses on the disposal of intangible assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the income statement as other operating income or other operating costs, respectively.

(o) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(p) Leased assets

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease with the exception of the property lease which does allow for immaterial annual increases.

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. All other leases are classified as operating leases.

Group as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Finance leased assets are amortised on a straight-line basis over the estimated useful life of the asset. Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(q) Intangible assets

Intangible assets internally generated

The Travel Service Aggregator (TSA) (internet booking platform) and licences are initially recognised at cost. The related benefits have an indefinite life. The portion which carries an indefinite life is capitalised at $4.88M representing the framework of the internet booking platform.

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs

2. Significant accounting policies (cont'd)

are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

The Company assessed the probability of expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of foreseeable economic conditions.

Intangible assets acquired separately

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

(r) Impairment of Assets

At each reporting date, the consolidated entity reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the loss. Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised in profit and loss immediately.

(s) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employee's services up to the reporting date and measured at the amounts expected to be paid when the liabilities are settled. Liabilities for wages and salaries are included as part of other payables and liabilities for annual leave are included as part of the provision for employee benefits.

(ii) Long Service Leave

The liabilities for long service leave are recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date 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 reporting date on national government bonds terms to maturity and currency that match, as closely as possible, the estimated future cash outflows

(t) Contributed equity

Ordinary shares are classified as equity.

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

If the entity reacquires its own equity instruments, eg as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders 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.

(ii) Diluted earnings per share

2. Significant accounting policies (cont'd)

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 the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(u) Share-based payment transactions

The consolidated entity operates a number of share-based compensation plans. These include both a share option arrangement and a tax deferred share scheme. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options are recognised as an expense in the income statement. The total amount to be expensed over the vesting period, for equity settled share-based payments granted after 7 November 2002 that were unvested as of 1 January 2005, is determined by reference to the fair value of the share options granted.

Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimates for the effects of non-transferability, exercise restrictions, and continued employment.

The fair value determined at grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimates of shares that will eventually vest.

(v) Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services. These are usually settled within 30 days.

(w) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Group 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.

Restructurings

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Warranties

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At subsequent reporting dates, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognised less cumulative amortisation recognised in accordance with AASB 118 'Revenue'.

2. Significant accounting policies (cont'd)

(x) Financial instruments issued by the company

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction costs arising on the issue of equity instruments are recognised directly in equity as reductions in the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs incurred directly in connection with the issue of those equity instruments and which would not have otherwise been incurred had those instruments not been issued.

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

(y) Comparative amounts

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(z) Rounding of amounts

The company satisfies the requirements of Class Order 98/0100 issued by the Australian Securities and Investments Commission relating to 'rounding off' of amounts in the Directors' Report and the financial report to the nearest thousand dollars. Amounts have been rounded off in the Directors' Report and financial report in accordance with that Class Order.

(aa) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

(i) Revised AASB 101 *Presentation of Financial Statements* and AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group intends to apply the revised standard from 1 July 2009.

(ii) AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8*

AASB 8 replaces AASB 114 *Segment Reporting* and introduces a new 'management approach' to segment reporting to align IFRS with US-GAAP. Unlike AASB 114, AASB 8 only applies to entities which have on issue any debt or equity securities that traded in a public market. The Group intends to apply the revised standard from 1 July 2009.

3. Critical accounting judgements and key sources of estimation uncertainty

Critical judgments in applying the entity's accounting policies

The preparation of the financial report required the making of estimations and assumptions that affect the recognised amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and judgments that have a significant risk of causing an adjustment to the carrying value of assets and liabilities with the next financial year are discussed below.

(i) Key Estimates - Impairment

The consolidated entity assesses whether intangible assets with indefinite useful lives are impaired at least annually. These calculations involve an estimation of the recoverable amount of the cash generation to which the intangible assets with indefinite useful lives are allocated. The useful life of the Travel Service Aggregator (TSA) has been assessed as indefinite after regard to the history of other airline booking platforms that have been in use for an extensive period and continue to achieve economic benefits.

4. Revenue

An analysis of the Group's revenue for the year is as follows:

	Consolidated		Company	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Fees	27,532	23,166	-	-
	27,532	23,166	-	-
Interest revenue:				
Bank deposits	813	1,613	323	1,173
Bank notes	962	18	843	18
	1,775	1,631	1,166	1,191
Investment revenue earned on financial assets that are at fair value through profit or loss	1,775	1,631	1,166	1,191
Royalties	-	-	3,672	2,915
Other	811	358	117	8
Other revenue	810	358	3,789	2,923
	30,118	**25,155**	**4,955**	**4,114**

5. Income taxes

Income tax recognised in profit or loss

	Consolidated		Company	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Tax expense/(benefit) comprises:				
Current tax expense in respect of the current year	2,724	2,745	954	1,040
Adjustments recognised in the current year in relation to the current tax of prior years	(21)	96	(21)	(39)
Benefit arising from previously unrecognised temporary difference that is used to reduce current tax of prior periods	-	(154)	-	(154)
Benefit arising from previously unrecognised temporary difference that is used to reduce current tax expense	-	(108)	-	(108)
	2,703	2,579	933	739
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	393	(36)	388	154
Unused tax losses and tax offsets not recognised as deferred tax asset	-	-	-	-
Benefit from a previously unrecognised temporary difference that is used to reduce deferred tax expense	-	(2,441)	-	(2,441)
	393	2,477	388	(2,287)
Total tax expense/(benefit) attributable to continuing operations	3,096	102	1,321	(1,548)

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	Consolidated		Company	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Profit from operations	10,774	9,472	4,901	4,108
Income tax expense calculated at 30%	3,232	2,842	1,470	1,232
Effect of expenses that are not deductible in determining taxable profit	128	72	-	-
Effect of R&D tax incentives	(195)	(204)	(79)	(38)
	3,165	2,710	1,391	1,194
Adjustments recognised in the current year in relation to the current tax of prior years	(21)	95	(21)	(38)
Capital allowance	(48)	(2,704)	(49)	(2,704)
	3,096	102	1,321	(1,548)

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

Current tax assets and liabilities

	Consolidated		Company	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Current tax liabilities				
Income tax payable attributable to:				
Parent entity	311	327	311	327
Entities in the tax-consolidated group	1,239	1,222	1,239	1,222
Other	-	-	-	-
	1,550	1,549	1,550	1,549

5. Income taxes (cont'd)

Deferred tax balances

Deferred tax assets/(liabilities) arise from the following:

	Consolidated					
2009	Opening balance $'000	Under/over provision $'000	Charged to income $'000	Current year tax expense $'000	Charged to equity $'000	Closing balance $'000
Gross deferred tax liability						
Intangibles	(963)	-	-	(317)	-	(1,280)
	(963)	**-**	**-**	**(317)**	**-**	**(1,280)**
Gross deferred tax asset						
Financial assets	-	-	16	-	-	16
Allowance for doubtful debts	43	-	(14)	-	-	29
Sundry expense accruals	140	-	(23)	-	-	117
Provision for employee benefits	155	-	33	-	-	188
Expenses deductible over 5 years	2	-	-	-	-	2
Capital allowance	2,442	-	-	(110)	-	2,332
	2,782	-	12	(110)	-	2,684
Unused tax losses and credits	-	-	-	-	-	-
	2,782	**-**	**12**	**(110)**	**-**	**2,684**

	Company					
2009	Opening balance $'000	Under/over provision $'000	Charged to income $'000	Current year tax expense $'000	Charged to equity $'000	Closing balance $'000
Gross deferred tax liability						
Intangibles	(963)	-	-	(317)	-	(1,280)
	(963)	**-**	**-**	**(317)**	**-**	**(1,280)**
Gross deferred tax asset						
Allowance for doubtful debts	-	-	-	-	-	-
Sundry expense accruals	-	-	-	-	-	-
Provision for employee benefits	-	-	-	-	-	-
Expenses deductible over 5 years	-	-	-	-	-	-
Capital allowance	2,442	-	-	(93)	-	2,349
	2,442	-	-	(93)	-	2,349
Unused tax losses and credits	-	-	-	-	-	-
	2,442	**-**	**-**	**(93)**	**-**	**2,349**

5. Income taxes (cont'd)

Tax consolidation

Relevance of tax consolidation to the Group

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 Ltd. The members of the tax-consolidated group are identified at note 22.

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. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group.

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.

6. Profit for the year

Profit for the year includes the following expenses:

	Consolidated		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Impairment of trade receivables	-	63	-	-
Depreciation of non-current assets	289	222	-	-
Research and development costs immediately expensed	885	624	-	-
Operating lease rental expenses	328	322	-	-
Employee benefit expense	5,843	5,105	-	-
Share-based payments	386	215	-	-

7. Trade and other receivables

	Consolidated		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Trade receivables	1,425	976	-	-
Amounts receivable from wholly owned subsidiary	-	-	-	1,394
Amounts receivable from wholly owned subsidiary in relation to income tax payable	-	-	1,239	1,222
Allowance for doubtful debts	(100)	(145)		-
Other	178	138	103	82
	1,503	**969**	**1,342**	**2,698**

The average credit period for trade receivables is 30 to 90 days. An amount only becomes receivable on completion of the contract period which may be up to 12 months. Management is prudent in its provisions against these receivables and as such has provided for all balances over 90 days and any of those over 30 days that may be considered potentially irrecoverable. Trade receivables are non interest bearing. There are no balances past due date that have not been provided for.

The inter-company receivable is at call and is non-interest bearing. It is classified as a current receivable.

7. Trade and other receivables (con't)

Movement in the allowance for doubtful debts:

	Consolidated		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Balance at the beginning of the year	145	82	-	-
Impairment losses recognised on receivables	-	145	-	-
Amounts written off as uncollectible	(45)	(41)	-	-
Amounts recovered during the year	-	(41)	-	-
Balance at the end of the year	100	145	-	-

8. Other financial assets

	Consolidated		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Investments carried at cost:				
Non-current				
Investments in subsidiaries (note 22)	-	-	5,568	5,568
Investments in associates	-	-	-	-
Investments in jointly controlled entities	-	-	-	-
	-	**-**	**5,568**	**5,568**
Available-for-sale investments carried at fair value:				
Current				
Floating rate notes	21,362	6,873	16,437	6,873
	21, 362	6,873	16,437	6,873
Disclosed in the financial statements as:				
Current other financial assets	21, 362	6,873	16,437	6,873
Non-current other financial assets	-	-	5,568	5,568
	21,362	**6,873**	**22,005**	**12,441**

The Group holds $21.362M (2008: $6.873M) ANZ and Commonwealth Bank AA rated floating rate notes which it acquired during the year. These attract interest at a premium to the 90 day bank bill swap rate with interest paid and the rate reset quarterly.

9. Property, plant and equipment

	Consolidated					
	Software at cost $'000	Computer Equipment at cost $'000	Furniture & Fittings at cost $'000	Office Equipment at cost $'000	Leasehold Improvements at cost $'000	Total $'000
Gross carrying amount						
Balance at 30 June 2008	193	582	69	80	220	1144
Additions	34	225	8	20	31	318
Disposals	-	-	-	-	-	-
Acquisitions through business combinations	-	-	-	-	-	-
Classified as held for sale	-	-	-	-	-	-
Net revaluation increments/ (decrements)	-	-	-	-	-	-
Net foreign currency exchange differences	-	-	-	-	-	-
Other	-	-	-	-	-	-
Balance at 30 June 2009	227	807	77	100	251	1,462
Accumulated depreciation/ amortisation and impairment						
Balance at 30 June 2008	(62)	(199)	(30)	(17)	(11)	(319)
Disposals	-	-	-	-	-	-
Net adjustments from revaluation (increments)/ decrements	-	-	-	-	-	-
Classified as held for sale	-	-	-	-	-	-
Impairment losses charged to profit	-	-	-	-	-	-
Reversals of impairment losses charged to profit	-	-	-	-	-	-
Depreciation expense	(66)	(172)	(7)	(11)	(34)	(289)
Net foreign currency exchange differences	-	-	-	-	-	-
Other	-	-	-	-	-	-
Balance at 30 June 2009	(128)	(371)	(37)	(28)	(45)	(609)
Net book value						
As at 30 June 2008	131	383	39	63	209	825
As at 30 June 2009	99	436	40	72	206	853

9. Property, plant and equipment (cont'd)

	Company					
	Software at cost $'000	Computer Equipment at cost $'000	Furniture & Fittings at cost $'000	Office Equipment at cost $'000	Leasehold Improvements at cost $'000	Total $'000
Gross carrying amount						
Balance at 30 June 2008	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Acquisitions through business combinations	-	-	-	-	-	-
Classified as held for sale	-	-	-	-	-	-
Net revaluation increments/ (decrements)	-	-	-	-	-	-
Net foreign currency exchange differences	-	-	-	-	-	-
Other	-	-	-	-	-	-
Balance at 30 June 2009	-	-	-	-	-	-
Accumulated depreciation/ amortisation and impairment						
Balance at 30 June 2008	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Net adjustments from revaluation (increments)/ decrements	-	-	-	-	-	-
Classified as held for sale	-	-	-	-	-	-
Impairment losses charged to profit	-	-	-	-	-	-
Reversals of impairment losses charged to profit	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-
Net foreign currency exchange differences	-	-	-	-	-	-
Other	-	-	-	-	-	-
Balance at 30 June 2009	-	-	-	-	-	-
Net book value						
As at 30 June 2008	-	-	-	-	-	-
As at 30 June 2009	-	-	-	-	-	-

10. Intangible assets

	Consolidated Capitalised development $'000	Company Capitalised development $'000
Gross carrying amount		
Balance at 30 June 2008	4,737	4,737
Additions	1,057	1,057
Additions from internal developments	-	
Acquisitions through business combinations	-	
Disposals or classified as held for sale	-	
Net revaluation increments/ (decrements)	-	
Net foreign currency exchange differences	-	
Other	-	
Balance at 30 June 2009	5,794	5,794
Accumulated amortisation and impairment		
Balance at 30 June 2008	(584)	(584)
Amortisation expense	-	-
Disposals or classified as held for sale	-	-
Net adjustment from revaluation increments/(decrements)	-	-
Impairment losses charged to profit or loss	-	-
Reversals of impairment losses charged to profit or loss	-	-
Net foreign currency exchange differences	-	-
Other		
Balance at 30 June 2009	-	-
Net book value		
As at 30 June 2008	4,153	4,153
As at 30 June 2009	5,210	5,210

The costs represents Webjet's Travel Service Aggregator (TSA) (internet booking platform) and licences. The cost of the intangible carries an indefinite useful life.

11. Other assets

	Consolidated		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Current				
Prepayments	143	378	-	-
Other	-	-	-	-
	143	378	-	-
Non-current				
Prepayments	-	-	-	-
Other	-	-	-	-
	-	-	-	-
	143	378	-	-

12. Trade and other payables

	Consolidated		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Amounts payable to wholly owned subsidiary	-	-	5,586	-
Trade payables	2,330	2,700	-	-
Other	1,612	1,126	-	-
	3,942	3,826	5,586	-

The average credit period on trade payables is 30 to 60 days and are often due for payment within 6 months. No interest is payable on trade payables.

13. Provisions

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Current				
Employee benefits (i)	588	500	-	-
Other	-	-	-	-
	588	500	-	-
Non-current				
Employee benefits (ii)	36	15	-	-
Other	-	-	-	-
	36	15	-	-
	624	515	-	-

(i) The current provision for employee benefits for the Group includes $236,280 of vested long service leave entitlements accrued but not expected to be taken within 12 months.

14. Other liabilities

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
Current				
Deferred revenue (i)	20	172	-	-
Non-current				
Other	-	-	-	-
	-	-	-	-
	20	172	-	-

(i) Deferred revenue relates to amounts received but not yet deemed to be earned, this includes amounts received for promotional activities that have not yet taken place.

15. Contributed equity

	Consolidated 2009 $'000	Consolidated 2008 $'000	Company 2009 $'000	Company 2008 $'000
75,066,278 fully paid ordinary shares (2008: 74,860,752)	23,569	23,069	23,569	23,069
	23,569	23,069	23,569	23,069

Changes to the then Corporations Act abolished the authorised capital and par value concept in relation to share capital from 1 July 1998.

	2009 No. '000	2009 $'000	2008 No. '000	2008 $'000
Fully paid ordinary shares				
Balance at beginning of financial year	74,861	23,069	74,275	22,194
Issue of shares under employee share plan	400	526	801	936
Transfer from equity-settled employee benefits reserve	-	192	-	257
Share buy-back	(194)	(218)	(215)	(299)
Share buy-back costs	-	-	-	(19)
Balance at end of financial year	75,067	23,569	74,861	23,069

15. Contributed equity (cont'd)

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

During the period, the Group executed a publicly announced share buy-back programme. A total of 194,474 shares purchased were cancelled.

Share options granted under the employee share option plan

In accordance with the provisions of the employee share option plan, as at 30 June 2009, executives and senior employees have options over 3,600,000 ordinary shares (of which 1,850,000 are unvested) with 625,000 of those options expiring 30 March 2011, 1,125,000 expiring 30 March 2012, 600,000 expiring 31 August 2013 and the remaining 1,250,000 expiring on 31 August 2014.

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 23 to the financial statements.

16. Reserves

	Consolidated		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
General	-	-	-	-
Asset revaluation	-	-	-	-
Investments revaluation	-	-	-	-
Equity-settled employee benefits	1,243	1,049	1,243	1,049
Hedging	-	-	-	-
Foreign currency translation	-	-	-	-
Option premium on convertible notes	-	-	-	-
Tax consolidation	-	-	-	-
	1,243	1,049	1,243	1,049

	Consolidated		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Equity-settled employee benefits reserve				
Balance at beginning of financial year	1,049	1,092	1,049	1,092
Options expensed	386	214	386	214
Options exercised and transferred out	(192)	(257)	(192)	(257)
Balance at end of financial year	1,243	1,049	1,243	1,049

The equity-settled employee benefits reserve arises on the grant of share options to directors and executives under various share option scheme. Amounts are transferred out of the reserve and into issued capital when the options are exercised.

17. Retained earnings

	Consolidated		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Balance at beginning of financial year	5,886	(487)	2,368	(294)
Profit attributable to members of the parent entity	7,678	9,370	3,581	5,659
Dividends paid	(4,504)	(2,997)	(4,504)	(2,997)
Share buy-back	-	-	-	-
Related income tax	-	-	-	-
Transfer from asset revaluation reserve	-	-	-	-
Balance at end of financial year	9,060	5,886	1,445	2,368

18. Earnings per share

	Consolidated 2009 Cents per share	Consolidated 2008 Cents per share
Basic earnings per share		
From continuing operations	10.24	12.52
From discontinued operations	-	-
Total basic earnings per share	10.24	12.52
Diluted earnings per share		
From continuing operations	10.24	12.45
From discontinued operations	-	-
Total diluted earnings per share	10.24	12.45

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2009 $'000	2008 $'000
Net profit	7,678	9,370
Other	-	-
Earnings used in the calculation of basic EPS	7,678	9,370
Adjustments to exclude profit for the period from discontinued operations	-	-
Earnings used in the calculation of basic EPS from continuing operations	7,678	9,370

	2009 No.'000	2008 No.'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	74,983	74,861

Diluted earnings per share

The earnings used in the calculation of diluted earnings per share is as follows:

	2009 $'000	2008 $'000
Net profit	7,678	9,370
Other	-	-
Earnings used in the calculation of diluted EPS	7,678	9,370
Adjustments to exclude profit for the period from discontinued operations	-	-
Earnings used in the calculation of diluted EPS from continuing operations	7,678	9,370

	2009 No.'000	2008 No.'000
Weighted average number of ordinary shares used in the calculation of basic EPS	74,983	74,861
Shares deemed to be issued for no consideration in respect of:		
Employee options	-	382
Other	-	-
Weighted average number of ordinary shares used in the calculation of diluted EPS	74,893	75,243

There are nil potential ordinary shares that are considered not dilutive and therefore have not been included in the weighted average number of shares for the purposes of dilutive earnings per share.

19. Dividends

	2009		2008	
	Cents per share	Total $'000	Cents per share	Total $'000
Recognised amounts				
Fully paid ordinary shares				
Interim & special dividend for 2009:				
Franked	3	2,249	2	1,500
Final dividend for 2008:				
Franked	3	2,255	2	1,497
	6	4,504	4	2,997

The directors have declared a fully franked final dividend of 3 cents per share and a special dividend of 0.5 cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2009, to be paid to shareholders 8 October 2009. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is $2.627M.

	Company	
	2009 $'000	2008 $'000
Adjusted franking account balance	3,463	777
Impact on franking account balance of dividends not recognised	(3,361)	(641)
	102	136

20. Contingent liabilities and contingent assets

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

21. Leases

Operating leases

Leasing arrangements

Rental expenses on operating leases

Non-cancellable operating lease commitments

	Consolidated		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Not longer than 1 year	209	227	-	-
Longer than 1 year and not longer than 5 years	-	136	-	-
Longer than 5 years	-	-	-	-
	209	363	-	-

The office lease is non cancellable four year lease expiring 14 February 2010. Rent is payable monthly in advance. The lease contains two further options of four years.

The company also has various rental agreements for computer equipment with terms of one to three years. Rent is payable monthly in advance.

22. Subsidiaries

		Ownership interest	
Name of subsidiary	Country of incorporation	2009 %	2008 %
Webjet Marketing Pty Ltd	Australia	100	100
Webjet Operations Pty Ltd	Australia	100	100
PlanitonEarth Pty Ltd	Australia	100	100

Webjet Limited is the head entity within the tax-consolidated group. The subsidiaries above are all part of the consolidated group.

23. Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand in banks at call as well as including term deposits with a maturity of less than 6 months, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Cash and cash equivalents	9,534	5,549	3,767	765
Short term deposits	-	15,500	-	6,500
	9,534	21,049	3,767	7,265

(b) Reconciliation of profit for the period to net cash flows from operating activities

	Consolidated		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Profit for the year	7,678	9,370	3,581	5,656
Cash flow excluded from profit from ordinary activities attributable to operating activities				
Non-cash flows in profit from ordinary activities				
(Profit) / Loss on sale of investments	(117)	-	(117)	-
Amortisation of intangible assets	-	-		-
Depreciation of plant and equipment	290	222		-
Write off of assets	-	-		
Share option and employee share expenses	386	215	-	-
Provision for doubtful debts	(45)	62	-	-
Changes in assets and liabilities				
Decrease/(increase) in trade, term and intercompany receivables	(488)	(37)	(3,710)	(4,220)
Decrease/(increase) in prepayments	235	(278)	-	-
Increase in trade payables and accruals	(35)	1,968	-	-
Decrease/(increase) in deferred tax	414	(2,066)	409	(1,671)
Increase in provisions	109	374	-	-
Increase in tax liability	1	1,390	1	1,549
Net cash from operating activities	8,428	11,220	164	1,314

24. Financial instruments

(a) Capital risk management

The Group has a capital risk and investment policy to provide guidance for its capital requirements. The policy is reviewed annually to take into consideration the groups changing risk and short and long term funding needs. At present the group has no financial debt other than that disclosed in the balance sheet representing liabilities incurred in the normal course of operations. The Group's debt and capital includes ordinary share capital, and financial liabilities, supported by financial assets. The Group has significant cash reserves and the investment policy ensures that the organization maximizes its return from funds invested whilst adopting a very conservative approach to risk and also ensuring sufficient working capital is maintained.

(b) Categories of financial instruments

	Consolidated		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Financial assets				
Fair value through profit or loss (FVTPL):				
Held for trading	-	-	-	-
Designated as at FVTPL	-	-	-	-
Derivative instruments in designated hedge accounting relationships	-	-	-	-
Held-to-maturity investments	-	-	-	-
Loans and receivables	1,503	969	1,342	2,698
Cash and cash equivalents	9,534	21,049	3,767	7,265
Available-for-sale financial assets (1)	21,362	6,873	16,437	6,873
Financial liabilities				
Fair value through profit or loss (FVTPL):				
Held for trading	-	-	-	-
Designated as at FVTPL	-	-	-	-
Derivative instruments in designated hedge accounting relationships				
Amortised cost	3,942	3,826	5,586	-
Financial guarantee contracts	-	-	-	-

(1) Floating rate note

(c) Financial risk management objectives

The group's consolidated entity's financial instruments consist of deposits with banks and floating rate notes along with trade receivables incurred in the normal course of operations. The entity does not have any significant derivative financial instruments at 30 June 2009.

The senior executives of the group meet regularly to analyse foreign currency and interest rate exposure to determine if the current treasury policy is appropriate in the current economic climate.

(d) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The group analyses it's risk by completing sensitivity testing on its foreign currency and interest rate exposures and determining the potential impact on it's effected expenses and revenue of movements in these rates. If the potential variance is material then management may seek to minimise this exposure but it does not consider this to be the case at this time.

Foreign Exchange

The group has minimal USD foreign exchange exposure with less than $30,600 in forecast expenditure for 2010 (2009: $154,000) denominated in US dollars.

From 1 June 2009, the Group has a NZD currency foreign exchange exposure with the New Zealand website now accepting NZD transactions. The forecast net income for 2010 is $750,000 (2009: nil) denominated in NZ dollars.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Liabilities		Assets	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Cash (USD)	-	-	3	-
Cash (NZD)	-	-	31	3
Consulting Fees	3	15	-	-

24. Financial instruments (con't)

Interest Rates

The group does not hedge its exposure to interest rate movements and does not invest in fixed interest financial instruments. At 30 June 2009 it had $27.5M (2008: $27.9M) in cash, floating rate notes and deposits. The average interest rate on all deposits for 2009 was 4.84% (2008: 6.83%).

Interest received for the group for 2009 was $1.77M a table showing the sensitivity of this number to interest rate movements is detailed below.

Average Interest Rates	Income (000's)	Variance to actual
6.19% (Actual)	**1,775**	**-**
6.69% (+0.5%)	1,920	145
7.19% (+1.0%)	2,063	288
5.69% (-0.5%)	1,633	(142)
5.19% (-1.0%)	1,489	(286)

Management has considered that both a positive and negative 1% variance is sufficient to illustrate the potential variations in interest income.

The group has invested in floating rate notes in 2009 $21.36M (2008: $6.83M), the notes are AA rated issued by the ANZ and Commonwealth Bank. The interest rate is fixed to the bank bill swap rate and is reset every 90 days accordingly. This amount is included in the $27.5M noted above in the interest rate sensitivity analysis.

(e) Credit risk management

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 exposure and the credit ratings of its counterparties are continuously monitored. The consolidated entity measures credit risk on a fair value basis.

The majority of the trade receivables are with debtors that operate in the travel industry. Specifically, the consolidated entity has a concentration of credit risk with companies in the airline industry, which at 30 June 2009 totalled $0.6M (2008: $0.6M). The carrying amount of financial assets in the financial statements, net of any allowances for loss, represents the consolidated entity's maximum exposure to credit risk.

(f) Liquidity risk management

The consolidated entity manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(g) Fair value of financial instruments

The directors consider that the carrying amount of financial instruments recorded in the financial statements approximates their fair values.

25. Share-based payments

Employee share option plan

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

Options series	Number	Grant date	Expiry date	Exercise price $	Fair value at grant date $
D Clarke (a)	250,000	10/11/2004	30/03/2011	0.6997	0.0504
J Lemish (a)	375,000	10/11/2004	30/03/2011	0.6997	0.0504
D Clarke (a)	750,000	10/11/2004	30/03/2012	1.3365	0.0568
J Lemish (a)	375,000	10/11/2004	30/03/2012	1.3365	0.0568
R Noon – tranche 1 (b)	750,000	07/03/2006	Exercised	1.2284	0.2812
R Noon – tranche 2 (b)	1,000,000	07/03/2006	31/08/2013	1.3115	0.2420
R Noon – tranche 3 (b)	1,250,000	07/03/2006	31/08/2014	1.3480	0.3500

25. Share-based payments (con't)

(a) These options have vested but remain unexercised.

(b) Tranche 1 – 50% vests if company achieves board determined budget for 2007, 50% vests if remains in employment at 30 June 2007. Tranche 2 – 50% vests if company achieves board determined budget for 2008, 50% vests if remains in employment at 30 June 2008. Tranche 3 – 50% vests if company achieves board determined budget for 2009, 50% vests if remains in employment at 30 June 2009

There were no options issued during the year ending 30 June 2009. Options granted to Richard Noon in the 2006 financial year were independently valued by Benson Partners in a report dated 21 July 2006. These options are subject to the following terms and conditions:

	Option series		
Inputs into the model	**Tranche 1**	**Tranche 2**	**Tranche 3**
Grant date	07/03/2006	07/03/2006	07/03/2006
Vesting date	01/09/2007	01/09/2008	01/09/2009
Expiry date	31/08/2012	31/08/2013	31/08/2014
Grant date share price	$0.35	$0.35	$0.35
-post consolidation	$1.40	$1.40	$1.40
Exercise price	$0.3071	$0.3279	1.3480
-post consolidation	$1.2284	$1.3115	1.3480

The following reconciles the outstanding share options granted under the employee share option plan at the beginning and end of the financial year:

	2009		2008	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price $**
Balance at beginning of the financial year	4,000,000	1.2334	4,750,000	1.2334
Granted during the financial year	-	-	-	-
Forfeited during the financial year	-	-	-	-
Exercised during the financial year (i)	400,000	1.3115	750,000	1.2284
Expired during the financial year	-	-	-	-
Balance at end of the financial year (ii)	3,600,000	1.2258	4,000,000	1.2334
Exercisable at end of the financial year	2,350,000	1.1608	1,750,000	1.1091

(i) Exercised during the financial year

The following share options granted under the employee share option plan were exercised during the financial year:

2009 Options series	Number exercised	Exercise date	Share price at exercise date	Option price at exercise date $
Tranche 2 (c) Richard Noon	200,000	1/09/2008	$1.33	$1.3115
Tranche 2 (c) Richard Noon	100,000	9/09/2008	$1.41	$1.3115
Tranche 2 (c) Richard Noon	100,000	10/06/2009	$1.30	$1.3115

2008 Options series	Number exercised	Exercise date	Share price at exercise date	Option price at exercise date $
Tranche 1 (c) Richard Noon	750,000	3/09/2007	1.275	1.2284

This does not include options exercised by non executive directors.

25. Share-based payments (con't)

(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 $1.23 (2008: $1.23), and a weighted average remaining contractual life of 3.7 years (2008: 4.7 years).

Amount Included Under Employee Benefits Expense in Income Statement

Included under employee benefits expense in the income statement is $386K (2008: $215K), and relates, in full, to amortisation of equity-settled share-based transactions.

26. Key management personnel compensation

Details of key management personnel

The directors and other members of key management personnel of the Group during the year were:

- Allan Nahum FCA, FICD, AAISA, (Non Executive Chairman)
- David Clarke (Executive Managing Director)
- Christopher Newman BEc, BComm (Non Executive Director)
- John Lemish BEc (Executive Operations Director)
- Steven Scheuer BBus (Acc) (Non Executive Director)
- John Guscic BEc, MBA (Non Executive Director)
- Don Clarke LLB (Hon) (Non Executive Director)
- Richard Noon FCPA, CTFP (Snr), B Bus, Grad Dip (Acc), (Chief Executive Officer)
- Alex Orlov M/B(H) Physics and Engineering (Chief Technology Officer)
- David Galt BBus (Acc) (Marketing Manager)
- Rod Brandenburg BCom, CPA (Chief Financial Officer) (Resigned 9 February 2009)
- John Viegas BCom, CPA (Financial Controller) (Appointed 27 August 2008)

Key management personnel compensation

The aggregate compensation made to key management personnel of the company and the Group is set out below:

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Short-term employee benefits	1,940,185	1,555,429	-	-
Post-employment benefits	424,793	405,116	-	-
Other long-term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share-based payment	386,400	207,184	-	-
	2,751,378	2,167,729	-	-

There were no share options or tax deferred shares granted during the year ended 30 June 2009 (2008: nil tax deferred shares)

Further details of the directors and senior executives compensation is contained within the remuneration report on page 6.

27. Related party transactions

(a) Transactions with key management personnel

There were no transactions or loans between the company and key management personnel other than those disclosed below in related party transactions.

(b) Key management and directors equity holdings

The following shares are either held directly or via an associated party.

Fully paid ordinary shares of Webjet Limited

	Balance at 30 June 2008 No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 30 June 2009 No.
2009					
Allan Nahum	722,925	-	-	-	722,925
Steven Scheuer	6,349,785	-	-	-	6,349,785
Chris Newman	1,343,403	-	-	(146,016)	1,177,387
John Guscic	54,450	-	-	-	54,450
Don Clarke	10,000	-	-	-	10,000
David Clarke	15,443	-	-	-	15,443
Richard Noon	1,311,329	-	400,000	(20,000)	1,691,329
John Lemish	2,172,087	-	-	-	2,172,087
Rod Brandenburg	80,855	-	-	(35,855)	45,000
Alex Orlov	42,500	-	-	-	42,500
David Galt	-	-	-	-	-
2008					
Allan Nahum	660,425	-	62,500	-	722,925
Steven Scheuer	6,349,786	-	-	-	6,349,786
Chris Newman	1,323,403	-	-	-	1,343,403
John Guscic	54,450	-	-	-	54,450
Don Clarke	-	-	-	10,000	10,000
David Clarke	15,443	-	-	-	15,443
Richard Noon	575,000	-	750,000	(13,671)	1,311,329
John Lemish	2,172,088	-	-	-	2,172,088
Rod Brandenburg	-	-	-	80,855	80,855
Alex Orlov	42,500	-	-	-	42,500
David Galt	-	-	-	-	-

Share options of Webjet Limited

	Balance at 30 June 2008 No.	Granted as compen -sation No.	Exercised No.	Net other change No.	Bal at 30 June 2009 No.	Bal vested at 30 June 2009 No.	Vested but not exerci-sable No.	Vested and exerci-sable No.	Options vested during year No.
2009									
Allan Nahum	-	-	-	-	-	-	-	-	-
D Clarke	250,000	-	-	-	250,000	250,000	-	250,000	-
J Lemish	375,000	-	-	-	375,000	375,000	-	375,000	-
D Clarke	750,000	-	-	-	750,000	750,000	-	750,000	-
J Lemish	375,000	-	-	-	375,000	375,000	-	375,000	-
R Noon – tranche 1	-	-	-	-	-	-	-	-	-
R Noon – tranche 2	1,000,000	-	(400,000)	-	600,000	600,000	-	600,000	1,000,000
R Noon – tranche 3	1,250,000	-	-	-	1,250,000	-	-	-	-
2008									
Allan Nahum	62,500	-	(62,500)		-	-	-	-	62,500
D Clarke	250,000	-	-		250,000	250,000	-	250,000	-
J Lemish	375,000	-	-		375,000	375,000	-	375,000	-
D Clarke	750,000	-	-		750,000	750,000	-	750,000	-
J Lemish	375,000	-	-		375,000	375,000	-	375,000	-
R Noon – tranche 1	750,000	-	(750,000)		-	-	-	-	750,000
R Noon – tranche 2	1,000,000	-	-		1,000,000	-	-	-	-
R Noon – tranche 3	1,250,000	-	-		1,250,000	-	-	-	-

27. Related party transactions (con't)
All share options issued to key management personnel were made in accordance with the provisions of the employee share option plan.

During the financial year, 400,000 options (2008: 750,000) were exercised by key management personnel at an exercise price of $1.3115 per option for 400,000 ordinary shares in Webjet Limited (2008: 750,000) No amounts remain unpaid on the options exercised during the financial year at year end.

(c) Transactions with other related parties
Transactions between Webjet Ltd and its related parties
Amplify Services Pty Ltd, of which Richard Noon is a director, was paid a total of $622,468 (2008: $1,266,768) of which $243,715 (2008: $999,887) related to third party search engine payments for entities such as Google and Yahoo and $382,753 (2008: $266,768) relates to consultancy search management and design services. At 30 June 2009 $nil (2008: $39,874) was payable to Amplify.

During the year a decision was made to pay all third parties directly and only payments relating to Amplify's services will be paid directly to them. Richard Noon is independent of any decisions and contractual arrangements with Amplify.

	2009 $	2008 $
Amplify – consulting and management fees	382,753	266,768
Third party search engine – eg. Google, Yahoo	243,715	999,887
	626,468	1,266,655

Minter Ellison Lawyers of which Don Clarke is a principal was paid a total $175,250 during the year. All transactions were conducted on a commercial arms length basis and charged accordingly. At 30 June 2009 $4,825 (2008: $nil) was payable to Minter Ellison Lawyers.

(d) Wholly-owned group transactions
Loans
As at 30 June 2009 Webjet Ltd owes Webjet Marketing Ltd $4,508,013 (2008: $1,393,938). An additional amount of $1,219,987 (2008: $1,221,691) is also payable as part of the tax sharing arrangement.

Royalty Payments
As at year end, both Webjet Limited and Webjet Marketing Pty Ltd have recognised a royalty payment expense from Webjet Marketing Pty Ltd to Webjet Limited for $1,655,156 (2008: $2,915,216).The royalty payment has been charged based upon a licence agreement between the entities.

(e) Normal course of business
These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, and which in management's opinion is comparable to amounts that would have been paid to non-related parties.

28. Remuneration of auditors

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Auditor of the parent entity				
Audit or review of the financial report	52,000	52,000	-	-
	52,000	52,000	-	-
Related practice of the parent entity auditor				
Preparation of the tax return	25,575	12,000	-	-
Other non-audit services (R&D)	8,100	5,980	-	-
Other non-audit services	352	15,100	-	-
	34,027	33,080	-	-

The auditor of Webjet Limited is BDO Kendalls (SA). There were no other audit firms engaged.

29. Other information

The consolidated entity operated in one business segment being internet based travel booking services. The consolidated entity operates from one geographical segment being Australia.

30. Subsequent events

A final dividend of 3 cents per share and a special dividend of 0.5 cents per share has been declared by the directors for payment 8 October 2009. There were no other subsequent events.

BDO Kendalls

BDO Kendalls (SA)
248 Flinders St
Adelaide SA 5000
GPO Box 2018 Adelaide SA 5001
Phone 61 8 8223 1066
Fax 61 8 8232 0902
info.adelaide@bdo.com.au
www.bdo.com.au

ABN 68 506 530 045

INDEPENDENT AUDITOR'S REPORT

To the members of Webjet Limited

We have audited the accompanying financial report of Webjet Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

BDO Kendalls

Auditor's Opinion

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

(a) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

(b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

BDO Kendalls (SA)
Chartered Accountants

Gregory R Wiese
Partner

5 August 2009

Additional stock exchange information as at 30 June 2009

Number of holders of equity securities

Ordinary share capital

75,066,278 fully paid ordinary shares are held by 2,520 individual shareholders.
All issued ordinary shares carry one vote per share.

Options

3,600,000 options are held by 3 individual option holders.
Options do not carry a right to vote.

Distribution of holders of equity securities

	Fully paid ordinary shares	Options
1 – 1,000	618	
1,001 – 5,000	1,189	
5,001 – 10,000	309	
10,001 – 100,000	360	
100,001 and over	44	3
	2,520	3
Holding less than a marketable parcel	131	-

Twenty largest holders of quoted equity securities

Ordinary shareholders	Fully paid ordinary shares		Partly paid ordinary shares	
	Number	Percentage	Number	Percentage
ANZ Nominees Limited	17,160,063	22.98%		
HSBC Custody Nominees (Australia) Limited	6,300,555	8.44%		
Mr Steven Scheuer	6,224,785	8.32%		
National Nominees Limited	4,036,907	5.41%		
MLEQ Nominees Pty Limited	3,408,299	4.56%		
Cogent Nominees Pty Limited	3,002,656	4.02%		
UBS Nominees Pty Ltd	2,033,305	2.72%		
Equity Trustees Limited	1,937,776	2.59%		
Mr John Lemish	1,647,087	2.21%		
Queensland Investment Corporation	1,220,013	1.63%		
Brincliff Pty Ltd	1,177,387	1.58%		
JP Morgan Nominees Australia Limited	987,275	1.32%		
Ms King-Eng Tan	972,131	1.30%		
Mr Chris Carr & Mrs Betsy Carr	875,000	1.17%		
Mr Ian Stanley Bootes & Mrs Kylie Bootes	748,750	1.00%		
Crimson Skies Pty Ltd	740,000	0.99%		
Mr Richard Allan Noon	698,633	0.94%		
Citicorp Nomines Pty Limited	528,715	0.71%		
Mr John Lemish & Mrs Sue Lemish SF	525,000	0.70%		
Mr Dean Maidment	450,000	0.60%		
	54,721,087	73.28%		