Appendix 4E
Preliminary final report
30 June 2006

Name of Entity:	ABN Reference:
WEBJET LIMITED	**68 002 013 612**

1. Results for announcement to the market

Key Information	Current period 2006 $A	Previous corresponding period 2005 $A		% Change	Amount of change $A
Revenues from ordinary activities	10,846,075	5,294,996	up	105%	5,551,079
Profit from ordinary activities before tax attributable to members	3,504,936	744,772	up	371%	2,760,164
Income tax (expense) / benefit [a]	(1,129,625)	1,991,045			
Profit from ordinary activities after tax attributable to members	2,375,311	2,735,817	down	-13%	(360,506)
Net Profit for the period attributable to members	2,375,311	2,735,817	down	-13%	(360,506)

It is not proposed to pay a dividend for the year

[a] 2005 results have been re-stated to take into effect AIFRS and subsequently a future income tax benefit was brought to account for the first time resulting in a tax benefit to the profit and loss of $1,991,045.

2. NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	$0.074	$0.024

3. Commentary on financial results

The year ended 30 June 2006 has produced a profit before tax of $3,504,936 (2005: $744,772). During the year the company has experienced a growth in total transaction values of $95.8 million (from $76.5m to $172.3m).

It demonstrates the economic success of Webjet's increasing market footprint which has been progressively reported to the market in our total transaction values over the last four quarters which have increased 125% relative to the same period last year. The results also demonstrate the potential leverage of Webjet's low cost base, tightly controlled marketing expenditure and deliberately focused business plan.

The exercise of Options by Harvey World Travel Group Limited and the strong operating performance of the Group has led to a substantial cash balance at year end. In conjunction with a debt free balance sheet, the company has significant flexibility moving forward and in due course Webjet's Board will consider appropriate capital management policies and potential strategic opportunities that may arise over the next twelve months.

The company has acquired global rights to the Travel Service Aggregator (TSA) software under revised licensing terms with Galileo, a subsidiary of Cendant Corporation all future modifications to the TSA software developed by the company will be owned by the company.

	2006	2005	2004	2003
	$m	$m	$m	$m
TTV	172.3	76.5	20.8	20.5
NPBT	3.5	0.7	(1.1)	(1.7)
Operating cash flow	4.3	1.4	(0.9)	(1.7)

4. Preliminary final report – financial details

Refer to attached audited financial report

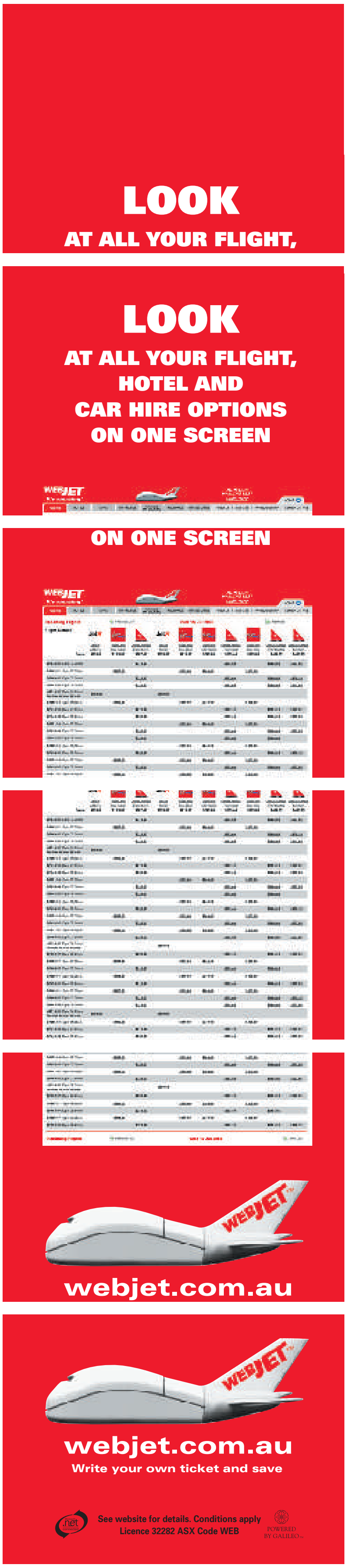
……………………………………………. Date: August 2006
(Chairman)

Allan Nahum

webjet.com.au

2006 ANNUAL REPORT

Advertising Media



Contents

Webjet Limited

ACN: 002013612
ABN: 68 002 013 612
ASX Code: WEB

Chairman's Report

Dear Shareholders,

The 2005-2006 financial year has been a very good year for your company.

We are now seeing the emergence of the ongoing value of our business model and the innovative dedication of our management team.

As you can see from an examination of any and all of the figures and graphs in this report, together with the Managing Director's report, your company has achieved another very satisfying year.

We are considering a number of options in relation to capital management, strategic opportunities and we are giving careful consideration to future dividend policies. These matters will remain under intensive review during the year.

As we have noted in previous annual reports, the travel industry has been and will continue to be in a state of unprecedented change in the way business is being done. These changes have provided serious challenges to the traditional travel agencies as the airlines continue to cut back or cut out commission payments. Conversely, this has provided opportunities for us. We are well placed to continue to benefit from these change opportunities.

We continue to work on the task of providing new and innovative benefits to both our customers and our suppliers. We have a number of exciting initiatives in process which will substantially enhance our online customer experience and continue to keep us in the forefront of our field. This ongoing development of our website and product offering is vital to our retaining our significant industry position.

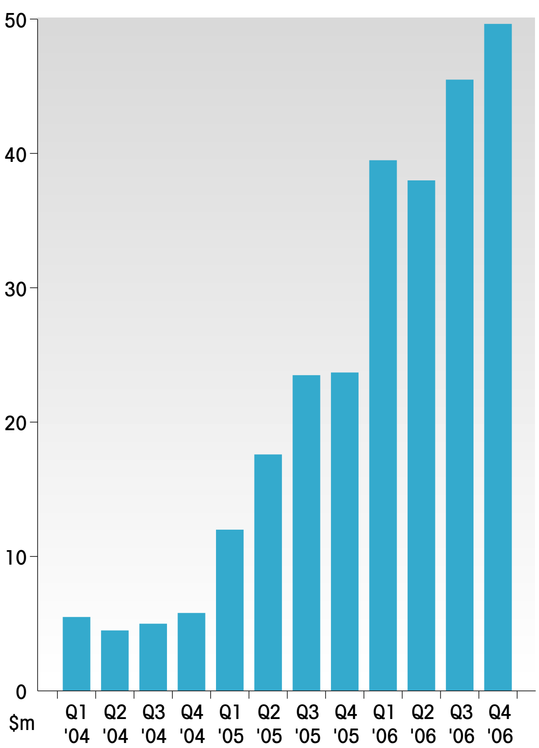
As I did last year, I again want to emphasise that we are not, by any means, feeling comfortable or complacent. The development of our initiatives, the widening of our customer base and the continuous improvement processes in all the things we do, are uppermost in the minds of directors and all the executive team.

We will continue to work hard at them.

As usual, I cannot complete my comments without a special note of thanks to the extraordinary team at Webjet. David Clarke and his executive group continue to work with unbridled enthusiasm, dedication and skill and the results of the business for the year, again, reflect that. They are well supported by all members of their staff. The service team, who look after individual customer needs, are especially appreciated by customers. On behalf of my fellow directors and on your behalf, I express our sincere thanks to them all.

Allan Nahum
Chairman - Webjet Ltd

Webjet TTV By Quarter



Managing Director's Report

Results

• Total transaction values	$172.3m
• Net profit before tax	$3.5m
• Cash flow from operations	$4.3m
• Cash on hand	$23.1m

Key indicators

The Total Transaction Value graph shows six half years of consecutive growth. Your company has increased its total transaction values in the year ending 30 June 2006 by over 125% relative to last year.

In addition, as disclosed in the graph TTV and Income, this exceptional growth in turnover has not been at the expense of margin and Webjet's income has increased at a similar rate. This increase has been achieved despite major reductions in airline commissions during the course of the year, as was anticipated in our business model and last year's report.

The chart headed Cost and NPBT Margin Relationship shows:

• Increasing economy of scale of our cost base relative to turnover

• An increase in the NPBT figure as a percentage of turnover

In other words, Webjet's growth is not at the expense of margin and our business model demonstrates that the cost base is tightly controlled and has allowed for substantially aggressive marketing campaigns during the year, now being extended into 06/07.

The final chart NPBT and Operating Cash Flow also demonstrates that Webjet is a strong generator of cash and that the generation of operating cash flow is tracking the generation of profit. As a consequence, your company has substantial capacity to fund its ongoing development requirements in terms of its capital expenditure and its working capital requirements.

Market Footprint

During the last twelve months, over 500,000 airline passengers have chosen to book through Webjet.

At the same time all available measurements indicate that we have materially increased market share and from extensive internal online surveys, we have clear data which validates the service proposition and product offering and demonstrates a very high level of repeat business and customer satisfaction.

Market Footprint (continued)

Webjet's marketing strategy reflects a combination and carefully controlled mix of aggressive online advertising, search engine optimisation, email marketing to our customer database, viral marketing and imperatively, a strong focus on brand marketing through traditional media and in particular, national television.

During the year our television campaigns were focused on the Ten Network, which delivered excellent results and now at the beginning of 06/07, sees the commencement of an even deeper and more significant national television marketing program on the National Seven Network, supplemented by strategically positioned billboards at key Australian airports and, from time to time, tactical advertising in magazines.

All of these components compliment and reinforce each other. The total spend on our marketing is carefully controlled as a percentage of TTV.

In a recent overseas financial analyst report surveying major internet sellers of travel in North America, an analyst was observed to comment, apparently with some agitation, that marketing now appeared to be driving growth. We do not share his apparent agitation and, in fact, have an entirely opposite view that it is essential, just as it is in any major developing company in any major consumer industry in the world, that marketing does, indeed, drive growth and that any assumptions to the contrary, are reflective of immature industries where other short term and temporary external factors may weigh more heavily in the mix.

Carefully controlled aggressive and intelligent marketing will continue to be a prime driver of your company's growth moving forward.

Strategy 06/07

Webjet's strategy over the next twelve months will, as always, reflect a combination of a continuation of the provision of outstanding customer service, aggressive marketing in the Australian region, product innovation, technology innovation and both a lateral and vertical extension of our business activities.

Strategy 06/07 (continued)

The extension of our market entry points in North America, New Zealand, the United Kingdom and Asia, where e.g. Webjet.com, our North American site, has been successfully launched to provide a special focus on Australia, as a destination, to the North American market. Others will follow. These market entry points take advantage of our technology platform and do not incur the company in uncontrollable business risks or expenditure escalations and are designed to leverage our cost base and our product range. They will have further implications in the 07/08 business year.

Product and Technology

The particular initiatives which will be initially launched in the Australian market in 06/07 are, in combination, transformational. They have started with the introduction of effectively one click online packaging to simplify and extend the ways in which travel product can be simply and economically purchased.

At the end of the half year, approximately December 2006, we will be releasing to the Australian market, a transformational component of our travel service aggregator.

The facility will be called, Planit.

Planit will introduce a new and extraordinarily exciting additional service and environment fully integrated into our travel service aggregator. Planit will allow for the construction, budget control and itinerary building of both leisure and business itineraries - but it will do much more than that: It will create an environment which can be shared with friends, an environment where friends can contribute and assist in travel planning, and an environment where ideas can be exchanged.

In addition, it will provide a unique series of traveller benefits, including a secure travel vault, which will store encrypted data, at the choice of the user, such as passport details, visa details, security details, medical records, eye glass prescriptions and associated matters. It will be an online environment which will add a dimension and depth to Webjet's customers unavailable from any other travel provider in this country. It will be a key component in Webjet's positioning and strategy over the next few years and further separate and differentiate Webjet from its competitors and from single product suppliers such as airlines, hotels, car companies or tour operators.

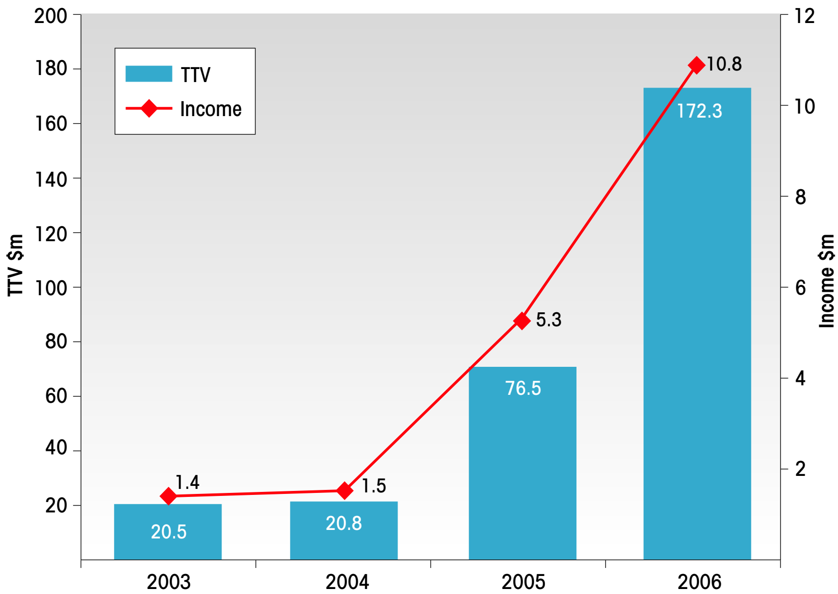
Capital Management

At the end of June 2006 Webjet had, on hand, approximately $23.1 million and with anticipated positive cash flow generation in 06/07, your board is considering a number of ways to maximise the value of its cash reserves.

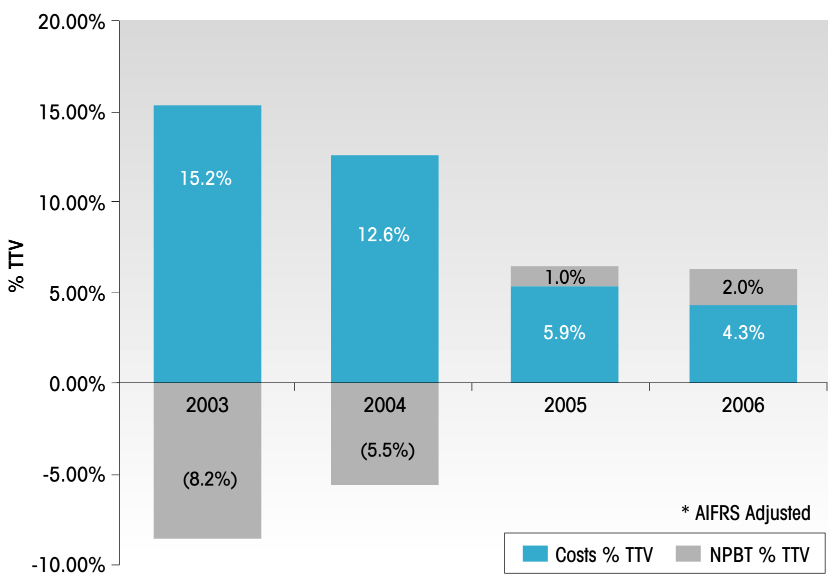
These deliberations include capital management strategies relating to potential dividend policy, share buy backs and associated matters.

We are also considering potential opportunities of a strategic nature. It is unlikely that key decisions on this will be reached quickly. However, your board is fully committed to delivering to you, as our owners, maximum shareholder value, both in the short term and in the longer term and our challenge is to find the most appropriate balance to deliver those objectives.

Webjet TTV and Income



Webjet Expenses Before Tax* and NPBT Margin



Managing Director's Report

Continued...

Outlook and Forecasts

We consider that the general travel market for 06/07, as originating from the Australian region, is likely to be challenging. At the time of preparing these commentary notes, it is our view that discretionary spending in Australia in 06/07 is under some stress due to bowser bite with escalating fuel prices and some emerging evidence that interest rates may rise, even if to a minor degree. General consumer budgets are under stress.

As always, these things do not happen in a vacuum and for all of the stresses which impact on travel demand, there are a series of counter reactions, including a propensity to get away from it all, a desire to travel for fun, for pleasure and for essential business and in a market which is likely to be intensively competitive, there is always the expectation of a bargain and a deal. Whilst we see this environment as challenging, we also see it as providing great opportunities, particularly against the background of our market footprint and marketing strategies.

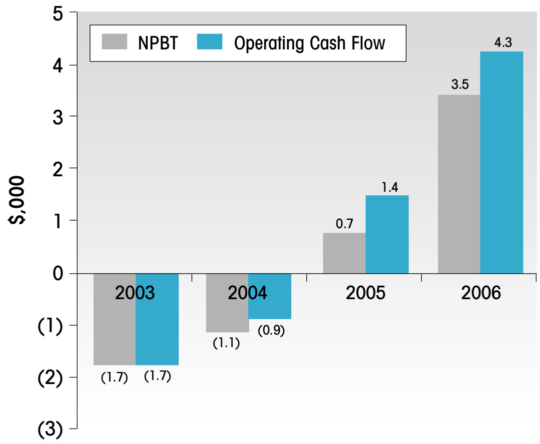
As we have commented, our growth in the year to 30 June was extraordinary and whilst every possible resource is being directed to maintaining substantial growth and every possible focus is being directed towards outstanding customer service, we do not consider, at this stage, it is possible or prudent to make forecasts for 06/07.

As we foreshadowed in last year's annual report, we will continue to take a leadership position in terms of market transparency and it remains our policy, subject to any regulatory changes which may occur, to report to the market each quarter, unaudited financial profit figures and gross transaction values. In addition and consistent with our continuous disclosure requirements, there will be other occasions where particular market releases may be made and we encourage you, as our owners, to keep up to date with these releases through the Australian Stock Exchange, through our website under About Us and through a new facility, Boardroomradio.

I would particularly now like to acknowledge the extraordinary contribution made to our year by our special associates who have all contributed vastly more than we could reasonably expect. These associations are very special and we value them beyond measure.

Our special associates include, White Advertising and Beyond; our corporate solicitors, Minter Ellison's in Melbourne; Mac Media; Macquarie Telecom; Amplify Services Pty Ltd; The Eight Black Group and our technology consultants, Readify Pty Ltd. No company could have better partners and associates and on behalf of our board, I again particularly acknowledge their contribution.

Webjet NPBT & Operating Cash Flow



As Webjet has grown, also has the depth and scope of our management team. One of the key components of our consistent growth and success has been the cohesion and singular focus of our Chief Operating Officer, Richard Noon, Operations Director, John Lemish, Marketing Manager, Dean Maidment, Head of Technology, Peter Burton and just as importantly, the contributions from our Service Centre Manager, Colin Wood and his 2ICs, Mark Spalding and Jenny Brennan, Reyan Bahar, Product Specialist for International Fares, Binh Le, Financial Controller and thanks also to Alex Orlov, Senior Programmer and Business Analyst. All of these key people are, in turn, supported by our service centre and financial services department staff and general administrative staff. It is not possible to list everyone but we have included, in this report, a wide range of photographs to recognise the contributions that the whole team has made.

In common with the last two years, it will, of course, be of no surprise to again note that the risks going forward are no less than the opportunities and although the risks are large and ever changing, the opportunities are stupendous and on behalf of our management and our board, we again commit and guarantee to you, as our owners, to continue to focus all of our resources and determination to the delivery of shareholder value.

David Clarke Managing Director - Webjet Ltd

From left to right:
Richard Noon- Chief Operating Officer
John Lemish - Operations Director
Dean Maidment - Marketing Manager

Webjet Limited

ABN 68 002 013 612

Annual Financial Report

For the Year Ended 30 June 2006

Webjet Limited
ABN 68 002 013 612

For the Year Ended 30 June 2006

CONTENTS

Corporate Information

Registered Office

Level 9

492 St Kilda Road

Melbourne Vic 3004

Solicitors

Minter Ellison

525 Collins Street

Melbourne Vic 3001

Bankers

ANZ Bank

420 St Kilda Road

Melbourne Vic 3004

Share Register

Computershare

Level 5

115 Grenfell Street

Adelaide SA 5000

Auditors

DTT Victoria (formerly BDO Melbourne)

563 Bourke Street

Melbourne Vic 3000

Internet Address

www.webjet.com.au

Webjet Limited

68 002 013 612

Independent Audit Report to the Members of Webjet Limited

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity, a summary of significant accounting policies and other explanatory notes and the directors' declaration for both Webjet Limited (the company) and the consolidated entity, for the financial year ended 30 June 2006 as set out on pages 21 to 67. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with Accounting Standards in Australia and the Corporations Act 2001. This includes responsibility for the maintenance of adequate financial records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards in Australia and the Corporations Act 2001 so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations, their changes in equity and their cash flows.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

The audit opinion expressed in this report has been formed on the above basis.

Webjet Limited

68 002 013 612

Independent Audit Report to the Members of Webjet Limited

Audit 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 2006 and of their performance for the year ended on that date; and

(b) complying with Accounting Standards in Australia and the Corporations Regulations 2001.

DTT VICTORIA

(formerly BDO Melbourne)

J F KNOTT

Partner

Chartered Accountants

Melbourne, 16 August 2006

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2006.

1 Directors

The names and details of the company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

(a) Names, qualifications, experience and special responsibilities

Allan Nahum	FCA, FICD, AAISA (Non Executive Chairman)
Experience	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.
Interest in Shares and Options	2,391,704 Ordinary shares; 500,000 Options over Ordinary shares
Dr Bernard Lochtenberg	BE (Hons), D Phil, FTSE (Non Executive Deputy Chairman)
Experience	Former Chairman of Orica Limited and Mental Health Research Institute. Former Director of Capral Aluminium Limited. Director of Melbourne University Private Ltd and Deputy Chancellor of University of Melbourne.
Interest in Shares and Options	715,979 Ordinary shares; Nil Options over Ordinary shares
David Clarke	(Executive Managing Director)
Experience	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.
Interest in Shares and options	200,000 Ordinary shares; 6,000,000 Options over Ordinary shares
John Lemish	BEc (Executive Operations Director)
Experience	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.
Interest in Shares and Options	8,688,350 Ordinary shares; 3,000,000 Options over Ordinary shares
Steven Scheuer	BBus (Acc) (Non Executive Director)
Experience	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.
Interest in Shares and Options	25,399,143 Ordinary shares; Nil Options over Ordinary shares
John Guscic	BEc, MBA (Non Executive Director) Appointed 25 January 2006
Experience	Currently MD, Pacific region for Travelport (formerly Cendant TDS), He is responsible for Travelport's major brands - Galileo, and GTA. He has been instrumental in identifying and shaping new business ventures; forging strong, strategic relationship and managing both multinational and local customer retention and growth. Prior to Travelport, John founded his own successful strategic consultancy advising Internet start-ups.
Interest in Shares and Options	Nil Ordinary Shares; Nil Options over Ordinary shares

Norman Fricker	(Non Executive Director) Resigned 3 October 2005
Experience	Has over 30 years experience in service industries. He has held senior management positions in Brambles Industries Limited and was an executive director of Brambles with responsibilities in Australia and Europe. He was formerly an executive general manager of Qantas Airways Limited with responsibility for a number of operating divisions. He is a former Chairman of Harvey World Travel Group Limited.
Interest in Shares and Options	Nil Ordinary Shares; Nil Options over Ordinary shares

Timothy Dodds	BComm, CA (Non Executive Director) Resigned 9 February 2006
Experience	Finance director of Harvey World Travel Group Limited. He has over 25 years experience in the travel and tourism industry. He is a Chartered Accountant and Registered Tax Agent.
Interest in Shares and Options	Nil Ordinary Shares; Nil Options over Ordinary shares

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

No directors have held other listed public company directorships in the last 3 years unless otherwise indicated above.

(b) Meetings of Directors

During the financial year, 15 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Committee Meetings			
			Audit Committee		Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Allan Nahum	15	12	2	2	3	3
Bernard Lochtenberg	15	12	3	3	3	3
David Clarke	15	15	-	-	-	-
John Lemish	15	15	-	-	-	-
Steven Scheuer	15	15	3	3	3	3
John Guscic	5	4	-	-	-	-
Norman Fricker	5	5	-	-	-	-
Timothy Dodds	9	4	1	1	-	-

2 General information

(a) Company Secretary

The following person held the position of company secretary at the end of the financial year:

Richard Noon, FCPA, CTFP (Snr), B Bus, Grad Dip (Acc)

Has worked in most areas of the travel industry, from hotels (Hilton and Sheraton), airlines (Pan Am), retail and tour wholesaling (Jetset Tours) to airfare consolidation (Transonic Travel). He also worked for Citibank Australia as Vice President Cash Management.

2 General information (continued)

(b) Principal Activities

The principal activities during the year 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.

3 Business Review

(a) Operating Results

The consolidated profit of the consolidated entity after providing for income tax amounted to $ 2,375,311.

(b) Review of Operations

The year ended 30 June 2006 has produced a profit before tax of $3,504,936 (2005: $744,772). During the year the company has experienced a growth in total transaction values of $95.8 million (from $76.5m to $172.3m).

The year demonstrates the economic success of Webjet's increasing market footprint in our total transaction values which have increased 125% 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.

The exercise of Options by Harvey World Travel Group Limited and the strong operating performance of the Group have led to a substantial cash balance at year end. In conjunction with a debt free balance sheet, the company has significant flexibility moving forward and in due course Webjet's Board will consider appropriate capital management policies and potential strategic opportunities that may arise over the next twelve months.

The company has acquired global rights to the Travel Service Aggregator (TSA) software under revised licensing terms with Galileo, a subsidiary of Cendant Corporation. All future modifications to the TSA software developed by the company will be owned by the company.

	2006 $m	2005 $m	2004 $m	2003 $m
TTV	172.3	76.5	20.8	20.5
NPBT	3.5	0.7	(1.1)	(1.7)
Operating cash flow	4.3	1.4	(0.9)	(1.7)

(c) Dividends Paid or Recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

4 Other Items

(a) Significant Changes in State of Affairs

During the year, Harvey World Travel Group Limited exercised 56,000,000 options at a value of $15,298,528 in accordance with previous shareholder approval.

Galileo were issued with 23,718,388 shares - as advised to the market on 25 January 2006.

The combination of these components along with strong trading results has significantly strengthened Webjet's balance sheet and cash reserves.

4 Other Items (continued)

(b) Adoption of Australian Equivalents to IFRS - Reporting

As a result of the introduction of Australian equivalents to International Financial Reporting Standards (AIFRS), the company's financial report has been prepared in accordance with those Standards. A reconciliation of adjustments arising on the transition to AIFRS is included on Note 24 to the financial statements.

(c) After Balance Day Events

No matters or circumstances have arisen since the end of the financial year which 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.

(d) Future Developments - Unreasonable Prejudice

Likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the consolidated entity.

(e) Auditors Independence Declaration

The auditor's independence declaration for the year ended 30 June 2006 has been received and can be found on page 68 of the financial report which forms part of the Directors' Report.

(f) Environmental Issues

The consolidated entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory

(g) 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 Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2006:

	2006 $	2005 $
Tax compliance services	**8,895**	6,750
Advice on tax issues – share options plans	**-**	4,755
Accounting advice and reports	**2,966**	5,171
Taxation advice on research and development	**10,265**	-
	22,126	16,676

4 Other Items (continued)

(h) 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 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 the 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, 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.

5 Financial Review

(a) Financial Position

The net assets of the consolidated entity have increased by $ 19,380,550 from 30 June 2005 to $ 26,376,527 in 2006 (2005: $6,995,977). The increase has largely resulted from the following factors:

- Exercise of options by Harvey World Travel Group Limited, 56,000,000 options at value of $15,298,528
- Strong cash flow from operating activities, increasing from $1,427,367 in 2005 to $4,294,962 in 2006

6 Remuneration Report

(a) Remuneration Report

This report details the nature and amount of remuneration for each director of Webjet Limited, and for the executives receiving the highest remuneration.

(b) Remuneration Philosophy and Policy

The consolidated entity's remuneration policy seeks to ensure

1. That 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. That 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. That 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, intelligence and comparative data of publicly listed companies and takes external specific advice from specialists when considered necessary.

The company operates an employee share plan and a tax deferred executive share plan and has in place shareholder authorized option plans.

6 Remuneration Report (continued)

Service and Employment Agreements

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

	Agreement date	Term (yrs)	Notice Period	Termination Payment	Base salary including Superannuation $	Cash Salary At Risk $	Possible cash total $	Options
D Clarke*	April 1, 2006	3	12 months	12 months in lieu of notice	370,000	27,000	397,000	Refer Note 6(k)
R Noon	March 7, 2006	3	6 months	6 months in lieu of notice	250,000	25,000	275,000	Refer Note 6(k)
J Lemish	April 1, 2006	3	6 months	6 months in lieu of notice	180,000	60,000	240,000	Refer Note 6(k)
D Maidment **	July 1, 2006	3	6 months	6 months in lieu of notice	150,000	20,000	170,000	Refer Note 6(k)

* The Board may consider the package of D Clarke at any time and discuss its quantum and make up.

** The agreement with D Maidment was entered into on 1 July 2006. The figures in the above table reflect the new agreement.

(c) Nomination and Remuneration Committee

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.

(d) Remuneration Structure

The current members of the Nomination and Remuneration Committee are Steven Scheuer and the independent directors Bernard Lochtenberg (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.

(e) Senior Management and Executive Director Remuneration

Objective

The company 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.

6 Remuneration Report (continued)

Structure

Remuneration consists of the following key elements:

- fixed remuneration; and
- incentive remuneration in the form of options, bonuses and tax deferred shares.

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.

.

(f) Non-executive Director Remuneration

Objective

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.

Structure

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 remuneration of non-executive directors for the period ended 30 June 2006 is detailed in Table 1 on page 11 of this report.

(g) Fixed Remuneration

Objective

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.

Structure

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.

The fixed remuneration component of the three most highly remunerated executives is detailed in Table 2 on page 12.

(h) Variable Remuneration - Short term and Long Term Incentive

Objective

The company has implemented a share plan with the objective to do any or all of the following:

- provide shares to eligible employees who are considered to be key to the future success of the company as a long term incentive in order to retain the services of those eligible employees in the future;
- provide a means by which eligible employees may acquire shares in the company as part of their future remuneration;
- provide shares to eligible employees as a retention strategy; and
- recognise and reward performance of eligible employees and their contribution to the future success of the company by providing shares to those eligible employees.

Structure

Incentive grants to executives are delivered in the form of options and tax deferred shares.

6 Remuneration Report (continued)

(i) Table 1: Director Remuneration for the Year Ended 30 June 2006

	Short –term benefits		Post employment benefits	Share-based payments	
	Salary & Fees $	Bonus $	Superannuation $	Equity Options (i) $	Total $
Allan Nahum					
2006	**-**	**-**	**102,830**	**81,867**	**184,697**
2005	31,386	-	2,824	-	34,210
Dr Bernard Lochtenberg					
2006	**36,973**	**-**	**-**	**-**	**36,973**
2005	10,526	-	-	-	10,526
David Clarke					
2006	**211,931**	**20,000**	**24,000**	**38,321**	**294,252**
2005	176,100	-	24,000	254,678	454,778
John Lemish					
2006	**132,798**	**-**	**52,492**	**19,160**	**204,450**
2005	118,400	-	34,100	127,339	279,839
Steven Scheuer					
2006	**16,961**	**-**	**1,526**	**-**	**18,487**
2005	4,839	-	425	-	5,264
Timothy Dodds					
2006	**8,366**	**-**	**753**	**-**	**9,119**
2005	-	-	-	-	-
Norman Fricker					
2006	-	-	-	-	-
2005	-	-	-	-	-
John Guscic					
2006	-	-	-	-	-
2005	-	-	-	-	-
Total remuneration: specified directors					
2006	**407,029**	**20,000**	**181,601**	**139,348**	**747,978**
2005	341,251	-	61,349	382,017	784,617

6 Remuneration Report (continued)

(j) Table 2: Remuneration of the Three* Named Executives Who Receive the Highest Remuneration for the Year Ended 30 June 2006

	Short –term benefits	Post employment benefits	Share-based payments		
	Salary & Fees $	Superannuation $	Equity Deferred shares (i) $	Equity Options (i) $	Total $
Dean Maidment					
2006	**123,853**	**11,147**	**56,265**	**-**	**191,265**
2005	123,853	11,147	99,902	20,000	254,902
Peter Burton					
2006	**116,973**	**10,527**	**18,069**	**-**	**145,569**
2005	116,973	10,572	30,727	20,000	178,272
Richard Noon					
2006	**131,667**	**40,000**	**56,265**	**48,651**	**276,583**
2005	82,568	7,432	99,902	20,000	209,902
Total remuneration: specified executives					
2006	**372,493**	**61,674**	**130,599**	**48,651**	**613,417**
2005	323,394	29,151	230,531	60,000	643,076

* There are only three employees who meet the definition of executives for the purpose of this report

i) From 1 July 2004, options granted as part of senior manager remuneration have been valued using a binomial option pricing model, which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option.

(k) Table 3: Options Granted as Part of Remuneration for the Year Ended 30 June 2006

	Grant date	Grant number	Vest	Value per option at grant date $	Exercised number	Value per option at exercise date $	Value at date option lapsed $	% of Remuneration
Allan Nahum	2 Nov 05	250,000	1 Nov 06	0.3305	n/a	n/a	n/a	22.2
Allan Nahum	2 Nov 05	250,000	1 Nov 07	0.3305	n/a	n/a	n/a	22.2
Richard Noon	7 Mar 06	3,000,000	1 Sep 07	0.0703	n/a	n/a	n/a	7.6
Richard Noon	7 Mar 06	4,000,000	1 Sep 08	0.0605	n/a	n/a	n/a	4.6
Richard Noon	7 Mar 06	5,000,000	1 Sep 09	0.0875	n/a	n/a	n/a	5.4
TOTAL		**12,500,000**						

Fair values of options:

The fair value of each option is estimated on the date of grant using a binomial option-pricing model with the following weighted average assumptions used for grants prior to January 2006. For options issued after January 2006 refer note 6(l)(a) below.

6 Remuneration Report (continued)

(l) Table 4: Options Outstanding as at 30 June 2006

	Grant date	Grant number	Vest	Fair value per option at grant date $
David Clarke (a)	10 Nov 04	3,000,000	31 Mar 06	0.0126
John Lemish (a)	10 Nov 04	1,500,000	31 Mar 06	0.0126
David Clarke (a)	10 Nov 04	3,000,000	31 Mar 07	0.0142
John Lemish (a)	10 Nov 04	1,500,000	31 Mar 07	0.0142
Allan Nahum (b)	2 Nov 05	250,000	1 Nov 06	0.3305
Allan Nahum (b)	2 Nov 05	250,000	1 Nov 07	0.3305
Richard Noon - Tranche 1 (c)	7 Mar 06	3,000,000	1 Sep 07	0.0703
Richard Noon - Tranche 2 (c)	7 Mar 06	4,000,000	1 Sep 08	0.0605
Richard Noon - Tranche 3 (c)	7 Mar 06	5,000,000	1 Sep 09	0.0875
TOTAL		**21,500,000**		

Options issued prior to January 2006 using a expected volatility of 25%, historical volatility of 38%, risk free interest rate of 5.4% and an expected life of the options (where applicable) of 6.4 and 7.4 years.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

Notes

(a) These options vest on the dates indicated as long as the employee remains in employment of the consolidated entity until the vesting date.

(b) There are no vesting conditions attaching to these options.

(c) For options granted to Richard Noon, the company sought independent advice from Benson Partners as to the valuation. The valuation outlined above was provided by Benson's in a report dated 21 July 2006

In valuing the options, Benson's utilised the following inputs: expected volatility of 50%; historical volatility of 52.88%; Australian Government risk free interest rates for a 6 month, 2, 3 and 4 year periods; expected life of the option between 23 and 47 months and an expected dividend of 0.5 cents per share. The expected dividend is for input purposes only and is not an indication of Webjet's future dividend policy.

These options are subject to the following terms and conditions:

	Tranche 1	Tranche 2	Tranche 3
Grant date	7 Mar 2006	7 Mar 2006	7 Mar 2006
Vesting date	1 Sep 2007	1 Sep 2008	1 Sep 2009
Expiry date	31 Aug 2012	31 Aug 2013	31 Aug 2014
Grant date share price	$0.35	$0.35	$0.35
Exercise price	$0.307	vwap 30 days pre 30/6/07	vwap 30 days pre 30/6/08
Vesting conditions	50% vest if achieves Board approved group budget for the year ended 30 June 2007 50% vest if remains in employment on 30 June 2007	50% vest if achieves Board approved group budget for the year ended 30 June 2008 50% vest if remains in employment on 30 June 2008	50% vest if achieves Board approved group budget for the year ended 30 June 2009 50% vest if remains in employment on 30 June 2009

6 Remuneration Report (continued)

(m) Table 5: Tax Deferred Shares Granted as Part of Remuneration for the Year Ended 30 June 2006 - nil

(n) Table 6: Tax Deferred Shares Granted as Part of Remuneration for the Year Ended 30 June 2005

	Grant date	Grant number	Value per tax deferred share at grant date $	Exercised number	Value per tax deferred share at exercise date $	Value at date tax deferred share lapsed $
Richard Noon	10 Nov 04	2,150,000	0.08	n/a	n/a	n/a
Dean Maidment	10 Nov 04	2,150,000	0.08	n/a	n/a	n/a
Peter Burton	10 Nov 04	650,000	0.08	n/a	n/a	n/a

Vesting date:

	1 Aug 2005	1 Aug 2006	1 Aug 2007
Richard Noon	1,000,000	750,000	400,000
Dean Maidment	1,000,000	750,000	400,000
Peter Burton	300,000	150,000	200,000

The above share plan carries with it 'vesting conditions' which must be fulfilled by the individual prior to release. Conditions are as follows:

Dean Maidment - P&L on budget

Peter Burton - P&L on budget, EDP deliverable on budget and system (TSA) up % > 99.5%

Richard Noon - P&L on budget

A 'trading lock' has been applied to the share plan, preventing transferring or sale of shares until removed by the company's share plan committee.

(o) Table 7: Shares Issued on Exercise of Remuneration Options

	Shares issued Number	Paid per share $	Unpaid per share $
David Clarke	5,000,000	0.05	-
John Lemish	2,500,000	0.05	-
Dean Maidment	500,000	-	-
Peter Burton	500,000	-	-
Richard Noon	500,000	-	-
TOTAL	**9,000,000**		

7 Options

(a) Un-issued Shares Under Option

At the date of this report, the un-issued ordinary shares of Webjet Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
10 Nov 2004	30 Mar 2011	0.17493	4,500,000
10 Nov 2004	30 Mar 2012	0.33413	4,500,000
2 Nov 2005	31 Oct 2008	0.0667	250,000
2 Nov 2005	31 Oct 2008	0.0667	250,000
7 Mar 2006	31 Aug 2012	0.30709	3,000,000
7 Mar 2006	31 Aug 2013	vwap *	4,000,000
7 Mar 2006	31 Aug 2014	vwap *	5,000,000
			21,500,000

* vwap is the variable weighted average share price in the 30 days preceding vesting date

(b) Options Exercised During the Year

During the year ended 30 June 2006, the following ordinary shares of Webjet Limited were issued on the exercise of options. No further shares have been issued since that date. No amounts are unpaid on any of these shares.

Grant Date	Exercise Price	Number of Shares Issued
12 Jul 2004	0.2722	56,000,000
29 Jul 2004	-	1,500,000
10 Nov 2004	0.05	7,500,000
		65,000,000

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

Director: ....

Allan Nahum

Dated this .... day of 2006

Corporate Governance Statement

The Board of directors is 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 accounts), 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 Nomination and 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 six 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. GIW Holdings CV had certain rights to request the appointment of a director to the Board in recognition of their investment in the company. Subsequently, John Guscic was nominated and joined the Board during the year (see Note 1A).

The skills, experience and expertise of each of the directors are set out in the 'Board and Management Section' of the Annual Report.

The Board currently has two independent directors being Allan Nahum (Chairman) and Bernard Lochtenberg (Deputy Chairman). While this does not represent a majority in number of the directors on the Board, the Company considers that when the appointments by significant shareholders are taken into account, the current Board is sufficiently balanced to protect the interests of shareholders.

The Company facilitates and pays for directors and Board 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. 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; and
- the external audit function is effective.

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 Chief Financial Officer, 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: Bernard Lochtenberg (Chairman of the Committee), Steven Scheuer and Allan Nahum. The Audit and Risk Committee consists of a majority (two thirds) of independent directors.

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;
- observe those remuneration policies and practices; and
- fairly and responsibly reward 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 together with related information on its website: http://www.webjet.com.au/About_us/About_Us2_TSA.html

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 Steven Scheuer and the two independent directors Bernard Lochtenberg (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.

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

Webjet Limited

68 002 013 612

Chief Executive Officer and Chief Financial Officer Declaration

The Chief Executive Officer and Chief Financial Officer 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 2006, 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 2006, 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 2006 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 August 2006

....
David Clarke (Managing Director/Chief Executive Officer)

....
Richard Noon (Chief Financial Officer/Chief Operating Officer)

Webjet Limited

ABN 68 002 013 612

Directors' Declaration

The directors of the company declare that:

1. In the directors' opinion, the financial statements and notes, as set out on pages 21 to 67, 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 2006 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.

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

On behalf of the Directors

Director: ....

Allan Nahum

Dated this .... day of August 2006

Webjet Limited

ABN 68 002 013 612

Income Statement

For the Year Ended 30 June 2006

		Consolidated Entity		Company	
		2006	2005	**2006**	2005
	Note	**$**	$	**$**	$
Revenue					
Commissions		**4,425,194**	4,100,961	**-**	-
Service fees		**5,873,133**	1,074,915	**-**	-
Marketing support		**188,331**	48,172	**-**	-
Interest income		**359,417**	70,948	**104,642**	5,810
Royalties		**-**	-	**1,534,225**	644,889
	14	**10,846,075**	5,294,996	**1,638,867**	650,699
Reversal of previous impairment write-down	7	**-**	-	**4,550,000**	-
Employee costs		**(2,283,950)**	(1,468,167)	**-**	-
Options expense		**(408,156)**	(636,245)	**-**	-
Depreciation, amortisation and impairments		**(265,083)**	(389,036)	**(230,409)**	(353,206)
Marketing expenses		**(2,682,413)**	(836,633)	**-**	-
Technology expenses		**(566,973)**	(313,120)	**-**	-
Rent		**(230,801)**	(191,345)	**-**	-
Directors fees		**(167,409)**	(50,000)	**-**	-
Professional fees		**(256,852)**	(104,971)	**-**	-
Insurance		**(61,205)**	(52,523)	**-**	-
Telephones		**(76,479)**	(105,768)	**-**	-
Listing and registry expense		**(85,149)**	(82,480)	**-**	-
Stationery		**(27,216)**	(22,413)	**-**	-
Doubtful debts		**(33,000)**	(41,077)	**-**	-
Other expenses		**(196,453)**	(256,446)	**(148)**	(502)
Profit before income tax expense		**3,504,936**	744,772	**5,958,310**	296,991
Income tax (expense) / benefit	15(a)	**(1,129,625)**	1,991,045	**(394,880)**	830,787
Profit attributable to members of the Company		**2,375,311**	2,735,817	**5,563,430**	1,127,778
Earnings Per Share:					
Basic earnings per share (cents per share)	13	**0.94**	1.32		
Diluted earnings per share (cents per share)	13	**0.87**	1.22		

The accompanying notes form part of the financial statements

Webjet Limited

ABN 68 002 013 612

Balance Sheet

As At 30 June 2006

		Consolidated Entity		Company	
		2006	2005	**2006**	2005
	Note	**$**	$	**$**	$
ASSETS					
Current assets					
Cash and cash equivalents	2	**23,064,061**	3,542,935	**17,990,467**	1,101,530
Trade and other receivables	3	**1,277,767**	721,651	**65,782**	-
Other assets	5	**85,146**	98,249	**-**	-
Total current assets		**24,426,974**	4,362,835	**18,056,249**	1,101,530
Non-current assets					
Trade and other receivables	3	**-**	-	**1,882,955**	1,310,145
Other financial assets	7	**-**	-	**5,568,336**	1,018,336
Property, plant and equipment	4	**158,116**	56,421	**-**	-
Deferred tax assets	8	**861,417**	1,991,045	**435,907**	830,787
Intangible assets	6	**2,458,732**	1,680,981	**2,451,755**	1,663,091
Total non-current assets		**3,478,265**	3,728,447	**10,338,953**	4,822,359
TOTAL ASSETS		**27,905,239**	8,091,282	**28,395,202**	5,923,889
LIABILITIES					
Current liabilities					
Trade and other payables	9	**1,312,664**	630,755	**402,644**	200,000
Provisions	10	**128,926**	89,950	**-**	-
Total current liabilities		**1,441,590**	720,705	**402,644**	200,000
Non-current liabilities					
Trade and other payables	9	**-**	300,000	**-**	300,000
Provisions	10	**87,122**	74,600	**-**	-
Total non-current liabilities		**87,122**	374,600	**-**	300,000
TOTAL LIABILITIES		**1,528,712**	1,095,305	**402,644**	500,000
NET ASSETS		**26,376,527**	6,995,977	**27,992,558**	5,423,889
EQUITY					
Share capital	11	**30,154,582**	13,162,499	**30,154,582**	13,162,499
Reserves	12	**705,401**	692,245	**705,401**	692,245
Accumulated losses		**(4,483,456)**	(6,858,767)	**(2,867,425)**	(8,430,855)
TOTAL EQUITY		**26,376,527**	6,995,977	**27,992,558**	5,423,889

The accompanying notes form part of the financial statements

Webjet Limited

ABN 68 002 013 612

Statement of Changes in Equity

For the Year Ended 30 June 2006

2006	**Company**				
	Ordinary Shares (Note 11)	**Accumulated Losses**	**General Reserve (Note 12a)**	**Option Reserve (Note 12b)**	**Total**
	$	**$**	**$**	**$**	**$**
Equity as at beginning of year	**13,162,499**	**(8,430,855)**	**56,000**	**636,245**	**5,423,889**
Changes					
Profit for the year	**-**	**5,563,430**	**-**	**-**	**5,563,430**
Shares issued during the year	**15,617,528**	**-**	**-**	**-**	**15,617,528**
Non Cash Issue	**800,000**	**-**	**-**	**-**	**800,000**
Debenture conversion	**200,000**	**-**	**-**	**-**	**200,000**
Transaction costs	**(20,445)**	**-**	**-**	**-**	**(20,445)**
Transfers to and from reserves					
Options exercised	**56,000**	**-**	**(56,000)**	**-**	**-**
Options exercised	**339,000**	**-**	**-**	**(339,000)**	**-**
Recognition of share-based payments					
Options granted	**-**	**-**	**-**	**408,156**	**408,156**
Sub-total	**16,992,083**	**5,563,430**	**(56,000)**	**69,156**	**22,568,669**
Equity as at 30 June 2006	**30,154,582**	**(2,867,425)**	**-**	**705,401**	**27,992,558**

2005	**Company**				
	Ordinary Shares (Note 11)	**Accumulated Losses**	**General Reserve (Note 12a)**	**Option Reserve (Note 12b)**	**Total**
	$	**$**	**$**	**$**	**$**
Equity as at beginning of year	10,769,154	(9,558,633)	-	-	1,210,521
Changes					
Profit for the year	-	1,127,778	-	-	1,127,778
Shares issued during the year	2,393,345	-	-	-	2,393,345
Transfers to and from reserves					
Options issued	-	-	56,000	-	56,000
Recognition of share-based payments					
Options granted	-	-	-	636,245	636,245
Sub-total	2,393,345	1,127,778	56,000	636,245	4,213,368
Equity as at 30 June 2005	13,162,499	(8,430,855)	56,000	636,245	5,423,889

Webjet Limited

ABN 68 002 013 612

Statement of Changes in Equity

For the Year Ended 30 June 2006

2006	Consolidated Entity				
	Ordinary Shares (Note 11)	Accumulated Losses	General Reserve (Note 12a)	Option Reserve (Note 12b)	Total
	$	$	$	$	$
Equity as at beginning of year	**13,162,499**	**(6,858,767)**	**56,000**	**636,245**	**6,995,977**
Changes					
Profit attributable to members of the company	**-**	**2,375,311**	**-**	**-**	**2,375,311**
Shares issued during the year	**15,617,528**	**-**	**-**	**-**	**15,617,528**
Non cash issue	**800,000**	**-**	**-**	**-**	**800,000**
Debenture conversion	**200,000**	**-**	**-**	**-**	**200,000**
Transaction costs	**(20,445)**	**-**	**-**	**-**	**(20,445)**
Transfers to and from reserves					
Options exercised	**56,000**	**-**	**(56,000)**	**-**	**-**
Options exercised	**339,000**			**(339,000)**	**-**
Recognition of share-based payments					
Options granted	**-**	**-**	**-**	**408,156**	**408,156**
Sub-total	**16,992,083**	**2,375,311**	**(56,000)**	**69,156**	**19,380,550**
Equity as at 30 June 2006	**30,154,582**	**(4,483,456)**	**-**	**705,401**	**26,376,527**

2005	Consolidated Entity				
	Ordinary Shares (Note 11)	Accumulated Losses	General Reserve (Note 12a)	Option Reserve (Note 12b)	Total
	$	$	$	$	$
Equity as at beginning of year	10,769,154	(9,594,584)	-	-	1,174,570
Changes					
Profit attributable to members of the company	-	2,735,817	-	-	2,735,817
Shares issued during the year	2,393,345	-	-	-	2,393,345
Options issued	-	-	56,000	-	56,000
Recognition of share-based payments					
Options granted	-	-	-	636,245	636,245
Sub-total	2,393,345	2,735,817	56,000	636,245	5,821,407
Equity as at 30 June 2005	13,162,499	(6,858,767)	56,000	636,245	6,995,977

Webjet Limited

68 002 013 612

Statement of Cash Flows

For the Year Ended 30 June 2006

	Note	Consolidated Entity		Company	
		2006	**2005**	**2006**	**2005**
		$	**$**	**$**	**$**
Cash from operating activities:					
Receipts from customers		**10,161,574**	4,688,495	**-**	-
Payments to suppliers and employees		**(6,144,106)**	(3,332,076)	**(148)**	(502)
Interest received		**277,494**	70,948	**38,860**	5,810
Net cash provided by operating activities	22(a)	**4,294,962**	1,427,367	**38,712**	5,308
Cash flows from investing activities:					
Acquisition of property, plant and equipment	4(a)	**(151,846)**	(4,852)	**-**	-
Acquisition of intangible assets	6(a)	**(219,073)**	(1,091,468)	**(219,073)**	(1,081,068)
Loans to controlled entities- payments made		**-**	-	**-**	(277,524)
Loans to controlled entities - proceeds from repayments		**-**	-	**1,472,215**	-
Net cash provided by investing activities		**(370,919)**	(1,096,320)	**1,253,142**	(1,358,592)
Cash flows from financing activities:					
Proceeds from the issue of share capital		**15,617,528**	2,390,913	**15,617,528**	2,390,913
Proceeds from premium on issue of options			56,000		56,000
Payment of transaction costs		**(20,445)**	(29,537)	**(20,445)**	(29,537)
Net cash provided by financing activities		**15,597,083**	2,417,376	**15,597,083**	2,417,376
Net increase in cash and cash equivalents held		**19,521,126**	2,748,423	**16,888,937**	1,064,092
Cash and cash equivalents at beginning of year		**3,542,935**	794,512	**1,101,530**	37,438
Cash and cash equivalents at end of financial year	2	**23,064,061**	3,542,935	**17,990,467**	1,101,530

1 Statement of Significant Accounting Policies

(a) General information

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

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 financial report of Webjet Limited and controlled entities, and Webjet Limited as an individual Company comply with all Australian equivalents to International Financial Reporting Standards (IFRS) in their entirety.

The financial statements were authorised for issue by the directors on 16 August 2006.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Basis of Preparation

First-time Adoption of Australian Equivalents to International Financial Reporting Standards

Webjet Limited and its controlled entities, and Webjet Limited as an individual Company have prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (IFRS) from 1 July 2005.

In accordance with the requirements of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the Company and consolidated entity accounts resulting from the introduction of Australian equivalents to IFRS have been applied retrospectively to prior year comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These consolidated accounts are the first financial statements of Webjet Limited to be prepared in accordance with Australian equivalents to IFRS.

The accounting policies set out below have been consistently applied to all years presented. The Company and consolidated entities have however elected to adopt the exemptions available under AASB 1 relating to AASB 132: Financial Instruments: Disclosure and Presentation, and AASB 139: Financial Instruments, Recognition and Measurement. There were no changes required to the financial statements on adoption of these Standards from 1 July 2005.

Reconciliation of the transition from previous Australian GAAP to Australian equivalents to IFRS has been included in Note 24 to this report.

Reporting Basis and Conventions

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.

(c) Principals of Consolidation

The consolidated financial statements are prepared by combining the financial statements of all entities that comprise the consolidated entity, being the company and its subsidiaries (refer Note 25). Consistent accounting policies are applied in the preparation and presentation of the consolidated financial statements.

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 consolidated Entity is an entity Webjet Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities.

(d) Comparative Figures

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

Statement of Significant Accounting Policies (continued)

(e) 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.

Plant and equipment

Plant and equipment are measured at cost basis less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line 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:

Class of Asset	
Office furniture and equipment	15%
Computer equipment and software	40%

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(g) Intangibles

The Travel Service Aggregator (TSA) (internet booking platform) and licences are initially recognised at cost. The related benefits have a finite life and are carried at cost less any accumulated amortisation and any impairment losses.

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

Statement of Significant Accounting Policies (continued)

(i) Amortisation

Amortisation on fixed life intangible assets is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives for intangibles with definite lives are as follows:

Licences	5 to 10 years

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.

(h) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits.

(i) 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 shares of the 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.

Statement of Significant Accounting Policies (continued)

(j) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

The companies in the consolidated entity have not entered into a tax consolidated group.

(k) 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 from the customer 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.

Interest revenue is recognised on a proportional basis taking into account the effective yield on financial assets.

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.

All revenue is stated net of the amount of goods and services tax (GST).

(l) Leases

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

(m) Functional and Presentation Currency

The functional currency of each group entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Statement of Significant Accounting Policies (continued)

(n) Financial Assets

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

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.

(i) Loans and receivables

Trade receivables, loans and other receivables are recorded at amortised cost less impairment.

(o) 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. Transactions 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.

(p) 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.

(q) 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.

(r) Goods and Service 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.

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 statement of cash flows 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 as operating cash flows.

2 Cash and Cash Equivalents

	Consolidated Entity		Company	
	2006	2005	**2006**	2005
	$	**$**	**$**	**$**
Bank balances	**1,364,061**	1,142,935	**290,467**	101,530
Short-term deposits	**21,700,000**	2,400,000	**17,700,000**	1,000,000
	23,064,061	3,542,935	**17,990,467**	1,101,530

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	**23,064,061**	3,542,935	**17,990,467**	1,101,530
	23,064,061	3,542,935	**17,990,467**	1,101,530

3 Receivables

	Consolidated Entity		Company	
	2006	2005	**2006**	2005
	$	$	**$**	$
CURRENT				
Trade receivables	**1,327,767**	751,651	**65,782**	-
Allowance for doubtful debts	**(50,000)**	(30,000)	**-**	-
	1,277,767	721,651	**65,782**	-

The average credit period for trade receivables is 30 to 60 days. Trade receivables are non interest bearing.

	Consolidated Entity		Company	
NON-CURRENT				
Amounts receivable from:				
- wholly-owned subsidiaries	**-**	-	**1,882,955**	1,310,145
	-	-	**1,882,955**	1,310,145

Legally, the inter-company receivable is at call, is non-interest bearing and therefore has not been measured at amortised cost. It is classified as a non-current receivable as the parent entity is not intending to call on this loan to the subsidiary in the next 12 months.

4 Property Plant and Equipment

	Consolidated Entity		Company	
	2006	2005	**2006**	2005
	$	$	**$**	$
PLANT AND EQUIPMENT				
Office equipment				
At cost	**101,791**	47,430	**-**	-
Less accumulated depreciation	**(25,169)**	(22,525)	**-**	-
Total office equipment	**76,622**	24,905	**-**	-
Computer equipment and software				
At cost	**95,727**	172,077	**-**	-
Less accumulated depreciation	**(14,233)**	(140,561)	**-**	-
Total computer equipment and software	**81,494**	31,516	**-**	-
Total property, plant and equipment	**158,116**	56,421	**-**	-

4 Property Plant and Equipment (continued)

4(a) Movements in Carrying Amounts

Consolidated Entity

	2006	2005	**2006**	2005	**2006**	2005
	Office Equipment	Office Equipment	**Computer Equipment & Software**	Computer Equipment & Software	**Total**	Total
	$	$	**$**	$	**$**	$
Balance at the beginning of year	**24,905**	24,691	**31,516**	46,070	**56,421**	70,761
Additions	**54,360**	3,858	**97,486**	994	**151,846**	4,852
Disposals	**-**	-	**(26,390)**	-	**(26,390)**	-
Depreciation expense	**(2,643)**	(3,644)	**(21,118)**	(15,548)	**(23,761)**	(19,192)
Carrying amount at the end of year	**76,622**	24,905	**81,494**	31,516	**158,116**	56,421

5 Other Assets

	Consolidated Entity		**Company**	
	2006	2005	**2006**	2005
	$	**$**	**$**	**$**
CURRENT				
Prepayments	**85,146**	98,249	**-**	-
	85,146	98,249	**-**	-

6 Intangible Assets

	Consolidated Entity		Company	
	2006	2005	**2006**	2005
	$	$	**$**	$
Development costs				
Cost	**55,366**	55,366	**-**	-
Accumulated amortisation and impairment	**(48,389)**	(37,476)	**-**	-
Net carrying value	**6,977**	17,890	**-**	-
Licences				
Cost	**3,035,370**	2,016,297	**3,035,370**	2,016,297
Accumulated amortisation and impairment	**(583,615)**	(353,206)	**(583,615)**	(353,206)
Net carrying amount	**2,451,755**	1,663,091	**2,451,755**	1,663,091
Total Intangibles	**2,458,732**	1,680,981	**2,451,755**	1,663,091

6(a) Reconciliation Detailed Table

	Company	
	Licences	**Total**
	$	**$**
Year ended 30 June 2006		
Opening balance	**1,663,091**	**1,663,091**
Acquisitions – non cash	**800,000**	**800,000**
Acquisitions - cash	**219,073**	**219,073**
Amortisation	**(230,409)**	**(230,409)**
Balance at 30 June 2006	**2,451,755**	**2,451,755**

	Consolidated Entity		
	Licences	**Development costs**	**Total**
	$	**$**	**$**
Year ended 30 June 2006			
Opening balance	**1,663,091**	**17,890**	**1,680,981**
Acquisitions – non cash	**800,000**	**-**	**800,000**
Acquisition – cash	**219,073**	**-**	**219,073**
Amortisation	**(230,409)**	**(10,913)**	**(241,322)**
Balance at 30 June 2006	**2,451,755**	**6,977**	**2,458,732**

7 Other Financial Assets (Non-Current)

	Consolidated Entity		Company	
	2006	2005	**2006**	2005
	$	**$**	**$**	**$**
Investments in subsidiaries	**-**	-	**5,568,336**	1,018,336
	-	-	**5,568,336**	1,018,336
Opening balance	**-**	-	**1,018,336**	1,018,336
Reversal of impairment write-down	**-**	-	**4,550,000**	-
Closing balance	**-**	-	**5,568,336**	1,018,336

Due to the improved financial performance and outlook of the operating subsidiary, the directors have considered it appropriate to reverse the previously recognised impairment write-down of the investment in Webjet Marketing Pty Ltd of $4,550,000. The carrying value of the investment in this subsidiary after the reversal of this write-down is $5,568,336, and has been assessed on the basis of its value in use, using a discount rate of 25%.

8 Deferred Tax

	Consolidated Entity		Company	
	2006	2005	**2006**	2005
	$	$	**$**	$
Net deferred tax asset comprises:				
- Deferred tax asset – temporary differences [8(a)]	**93,816**	69,123	**-**	-
- Deferred tax asset – tax losses (revenue)	**1,225,269**	2,237,527	**888,190**	1,141,007
- Deferred tax liability [8(a)]	**(457,668)**	(315,605)	**(452,283)**	(310,220)
	861,417	1,991,045	**435,907**	830,787

8 Deferred Tax (continued)

Movement and Composition of Deferred Tax Asset:

Consolidated Entity	Opening Balance	Under/Over Provision '05	Charged to Income	Current year tax expense	Charged to Equity	Closing Balance
	$	$	$	$	$	$
Gross deferred tax liabilities:						
- Accelerated capital allowances for tax purposes	(5,385)	-	-	-	-	(5,385)
- Licences	(310,220)	(91,545)	(50,518)	-	-	(452,283)
	(315,605)	(91,545)	(50,518)	-	-	(457,668)
Gross deferred tax assets:						
- Allowance for Doubtful Debts	9,000	-	6,000	-	-	15,000
- Accrual for superannuation and audit fee	6,756	-	4,443	-	-	11,199
- Provision for employee benefits	49,365	-	15,449	-	-	64,814
- Expenses deductible over 5 years	4,002	(199)	(1,003)	-	-	2,800
	69,123	(199)	24,889	-	-	93,812
Gross deferred tax assets – tax losses (revenue)	2,237,527	122,298	-	(1,134,553)	-	1,225,271
Net deferred tax asset	1,991,045	30,554	(25,629)	(1,134,553)	-	861,417

Company	Opening Balance	Under/Over Provision '05	Charged to Income	Current year tax expense	Charged to Equity	Closing Balance
	$	$	$	$	$	$
Gross deferred tax liabilities:						
- Licences	(310,220)	(91,545)	(50,518)	-	-	(452,283)
	(310,220)	(91,545)	(50,518)	-	-	(452,283)
Gross deferred tax assets:						
	-	-	-	-	-	-
Gross deferred tax assets – tax losses (revenue)	1,141,007	105,412	-	(358,229)	-	888,190
Net deferred tax asset	830,787	13,867	(50,518)	(358,229)	-	435,907

9 Trade & Other Payables

	Consolidated Entity		Company	
	2006	2005	**2006**	2005
	$	$	**$**	$
CURRENT				
Unsecured liabilities				
Trade payables	**660,176**	148,189	**-**	-
Other payables	**652,488**	482,566	**402,644**	200,000
	1,312,664	630,755	**402,644**	200,000

The average credit period on trade payables is 30 to 60 days. No interest is payable on trade payables.

	Consolidated Entity		Company	
NON-CURRENT				
Unsecured liabilities				
Other payables	**-**	100,000	**-**	100,000
	-	100,000	**-**	100,000
Secured Liabilities				
Convertible debentures	**-**	200,000	**-**	200,000
	-	300,000	**-**	300,000

The convertible debentures were zero-coupon convertible debentures. They were issued on 5 May 2003, and were held by persons outside the consolidated entity and were secured by a bank guarantee which was discharged on 25 January 2006. The holder had the right to convert the face value to ordinary shares in Webjet Limited at any time from 21 September 2003 onwards at a conversion price agreed with the company at the time of conversion, in the range of 80-90% of the volume weighted average trading price during the immediately preceding 20 days. A minimum of $1,000 had to be converted at any one time.

The bank had a right-of set-off against the equivalent amount of cash held on term deposit in Webjet Limited up until the date that the bank guarantee was discharged.

10 Provisions

	Consolidated Entity		Company	
	2006	2005	**2006**	2005
	$	**$**	**$**	**$**
Employee benefits - Current	**128,926**	89,950	**-**	-
Employee benefits - Non-current	**87,122**	74,600	**-**	-
	216,048	164,550	**-**	-

11 Issued Capital

321,724,774 (2005: 232,175,328) Ordinary shares	**30,154,582**	13,162,499	**30,154,582**	13,162,499
Total	**30,154,582**	13,162,499	**30,154,582**	13,162,499

11(a) Ordinary Shares

Effective 1 July 1988, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the Company does not have authorised capital nor par value in respect of its issued shares.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At the shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholders has one vote on a show of hands.

11 Issued Capital (continued)

(b) Movement in Ordinary Shares

	Consolidated Entity		Company	
	No.	$	No.	$
At 1 July 2004	**170,637,593**	10,769,154	**170,637,593**	10,769,154
- Issue to Harvey World Travel Group Limited on 21 July 2004 @ $0.04 per share	**7,000,000**	280,000	**7,000,000**	280,000
- Issue to Shareholder Participation Plan on 21 July 2004 @ $0.042 per share	**840,000**	35,280	**840,000**	35,280
- Issue to Harvey World Travel Group Limited on 26 July 2004 @ $0.04 per share	**7,000,000**	280,000	**7,000,000**	280,000
- Issue to Tony & White Media Services for the provision of advertising services on 26 July 2004 @ $0.04 per share	**400,235**	16,009	**400,235**	16,009
- Issue to Harvey World Travel Group Limited on 1 October 2004 @ $0.04 per share	**7,000,000**	280,000	**7,000,000**	280,000
- Issue to Australian Outback Tours on 8 October 2004 @ $0.047 per share	**5,000,000**	235,000	**5,000,000**	235,000
- David Clarke - exercise of options: 1,000,000 shares @ $0.0667 per share on 9 February 2005	**1,000,000**	66,700	**1,000,000**	66,700
- John Lemish - exercise of options: 1,000,000 shares @ $0.0667 per share on 9 February 2005	**1,000,000**	66,700	**1,000,000**	66,700
- Dean Maidment - exercise of options: 900,000 shares @ $0.06784 per share on 10 February 2005	**900,000**	61,056	**900,000**	61,056
- Harvey World Travel Group Limited - exercise of options: 23,000,000 shares @ $0.04 per share on 22 February 2005	**23,000,000**	920,000	**23,000,000**	920,000
- Bernard Lochtenberg - exercise of options: 500,000 shares @ $0.0667 per share on 22 February 2005	**500,000**	33,350	**500,000**	33,350
- Allan Nahum - exercise of options: 500,000 shares @ $0.0667 per share on 22 February 2005	**500,000**	33,350	**500,000**	33,350
- Gena Sattler - exercise of options: 210,000 shares @ $0.06784 per share on 22 February 2005	**210,000**	14,247	**210,000**	14,247

11 Issued Capital (continued)

(b) Movement in Ordinary Shares (continued)

	Consolidated Entity		Company	
	No.	$	No.	$
- Steven Scheuer - exercise of options: 500,000 shares @ $0.0667 per share on 22 February 2005	**500,000**	33,350	**500,000**	33,350
- Peter Burton - exercise of options: 1,000,000 shares @ $0.06784 per share on 24 April 2005	**1,000,000**	67,840	**1,000,000**	67,840
- Tax Exempt share scheme on 24 November 2004	**87,500**	-	**87,500**	-
- Tax Deferred share plan 24 November 2004	**5,600,000**	-	**5,600,000**	-
- Cost of capital raising	**-**	(29,537)	**-**	(29,537)
Balance 1 July 2005	**232,175,328**	13,162,499	**232,175,328**	13,162,499
- Exercise of employee share options @ $0.00 on 27 July 2005	**1,500,000**	-	**1,500,000**	-
- David Clarke - exercise of options: 5,000,000 shares @ $0.05 per share on 6 September 2005	**5,000,000**	250,000	**5,000,000**	250,000
- John Lemish - exercise of options: 2,500,000 shares @ $0.05 per share on 19 September 2005	**2,500,000**	125,000	**2,500,000**	125,000
- Tax deferred share plan on 7 November 2005	**250,000**	-	**250,000**	-
- Issue to Galileo on 25 January 2006 @ $0.3442 per share on conversion of debentures	**581,058**	200,000	**581,058**	200,000
- Issue to Galileo on 25 January 2006 @ $0.0337 per share (refer Note 22(b)	**23,718,388**	800,000	**23,718,388**	800,000
- Issue to Harvey World Travel Group Limited on 8 June 2006 @ $0.2722 per share	**56,000,000**	15,242,528	**56,000,000**	15,242,528
- Transfer from General Reserve	**-**	56,000	**-**	56,000
- Transfer from Option Reserve	**-**	339,000	**-**	339,000
- Cost of share placement	**-**	(20,445)	**-**	(20,445)
Balance 30 June 2006	**321,724,774**	30,154,582	**321,724,774**	30,154,582

11(c) Options

For information relating to share options issued, exercised and lapsed during the financial year, refer to Note 16.

12 Reserves

12(a) General Reserve 2006: $nil (2005: $56,000)

The general reserve contains proceeds received from the issue of options prior to their conversion to ordinary shares or expiration/cancellation.

12(b) Option Reserve 2006: $69,156 (2005: $636,245)

The option reserve arises on the grant of shares options to directors and executives under various share option schemes. Amounts are transferred out of the reserves and into issued capital when the options are exercised. Further information about shares-based payments is made in Note 16.

13 Earnings per Share

(a) Reconciliation of Earnings to Profit or Loss

	Consolidated Entity	
	2006	2005
	$	$
Profit	**2,375,311**	2,735,817
Earnings used to calculate basic EPS	**2,375,311**	2,735,817
Earnings used in calculation of dilutive EPS	**2,375,311**	2,735,817

(b) Weighted average number of ordinary shares (diluted):

	Consolidated Entity	
	2006	2005
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**253,499,886**	207,047,341
Weighted average number of options outstanding	**20,267,906**	14,368,287
Weighted average number of debentures	**332,715**	2,587,192
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	**274,100,507**	224,002,820

14 Revenue

	Consolidated Entity		Company	
	2006	2005	**2006**	2005
Operating activities	**$**	**$**	**$**	**$**
- services revenue	**10,486,658**	5,224,048	**-**	-
- royalties	**-**	-	**1,534,225**	644,889
- interest received	**359,417**	70,948	**104,642**	5,810
Total Revenue	**10,846,075**	5,294,996	**1,638,867**	650,699

15 Income Tax Expense(Benefit)

15(a) The Components of Tax Expense(Benefit) Comprise:

	Consolidated Entity		Company	
	2006	2005	**2006**	2005
	$	$	**$**	$
Current tax expense	**1,134,553**	411,329	**358,229**	82,348
Adjustments recognised in the current year in relation to the current tax of prior years	**(30,557)**	-	**(13,867)**	-
Deferred tax expense relating to the origination and reversal of temporary differences	**25,629**	3,321	**50,518**	6,749
Unused tax losses and tax offsets not recognised as deferred tax assets	**-**	(414,650)	**-**	(89,097)
Benefit arising from previously unrecognised tax losses, tax credits or temporary differences as at 30 June 2005	**-**	(1,991,045)	**-**	(830,787)
Total tax expense / (benefit)	**1,129,625**	(1,991,045)	**394,880**	(830,787)

15 Income Tax Expense(Benefit) (continued)

15(b) The prima facie income tax expense/(benefit) on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	Consolidated Entity		Company	
	2006 **$**	2005 $	**2006** **$**	2005 $
Prima facie tax expense on profit before income tax at 30% (2005: 30%)	**1,051,481**	223,432	**1,787,493**	89,097
Add:				
Tax effect of:				
- other non-allowable items	**-**	345	**-**	-
- share options expensed during year	**122,447**	190,873	**-**	-
	1,173,928	414,650	**1,787,493**	89,097
Less:				
Tax effect of:				
- R&D tax incentives	**(13,746)**	-	**(13,746)**	-
- Unused tax losses and tax offsets not recognised as deferred tax assets	**-**	(414,650)	**-**	(89,097)
- Reversal of previous impairment write-down			**(1,365,000)**	
- Previously unrecognised and unused tax losses and tax offsets now recognised as deferred tax assets as at 30 June 2005	**-**	(1,991,045)	**-**	(830,787)
	1,160,182	(1,991,045)	**408,747**	(830,787)
(Over)/under provision of income tax in previous year	**(30,557)**	-	**(13,867)**	-
Income tax expense/(benefit)	**1,129,625**	(1,991,045)	**394,880**	(830,787)

16 Share-based Payments (Equity Settled)

16(a) Share-based Payment Arrangements

The following share-based payment arrangements existed at 30 June 2006.

The company continued to operate the directors and employee share option plan during the year. Each option issued under the plan is convertible to one ordinary share. Exercise price of the options is determined in accordance with rules of the plan

There are no voting or dividend rights attached to the options or un-issued shares. The options are not quoted on the ASX.

Vesting and dividend rights are attached to the deferred share plan.

Information with respect to the number of options granted is as follows:

	2006			**2005**		
	Number of Options	**Weighted Average Exercise Price $**	**Weighted Share Price at Exercise Date $**	**Number of Options**	**Weighted Average Exercise Price $**	**Weighted Share Price at Exercise Date $**
Outstanding at the beginning of the year	**74,000,000**	**0.24201**	**-**	6,410,000	0.0672	-
Granted	**3,000,000**	**0.30709**	**-**	-	-	-
Granted	**4,000,000**	**vwap 30 days to 30/6/07**	**-**	-	-	-
Granted	**5,000,000**	**vwap 30 days to 30/6/08**	**-**	-	-	-
Granted	**500,000**	**0.06670**	**-**	74,000,000	vwap*	-
Forfeited	**-**	**-**	**-**	(800,000)	0.0678	-
Exercised	**(65,000,000)**	**0.24027**	**0.34681**	(5,610,000)	0.0671	0.18574
Outstanding at year end	**21,500,000**	**0.25963****	**-**	74,000,000	0.2418	-
Exercisable at year end	**4,500,000**	**0.17493**	**-**	-		-

* vwap means exercise price of these options is the variable weighted average share price in the month preceding exercise date.

** The weighted average exercise price for the closing balance has been calculated excluding 4,000,000 options with an exercise price to be determined by the volume weighted average share price in the 30 days prior to 30 June 2007 and excluding 5,000,000 options with an exercise price to be determined by the volume weighted average share price in the 30 days prior to 30 June 2008.

16 Share-based Payments – (Equity Settled) (continued)

16(b) Options Exercised

There were 65,000,000 options exercised during the year ended 30 June 2006. These options had a weighted average share price of $0.24027 at exercise date.

16(c) Options Outstanding

The options outstanding at 30 June 2006 had an exercise price calculation in accordance to 30 day vwap at exercise date and a weighted average remained contractual life of 5.5 years. Exercise prices range from $0.0667 to vwap in respect of options outstanding at 30 June 2006.

16(d) Options Issued

Options granted to Richard Noon were independently valued by Benson Partners in a report dated 21 July 2006. These options are subject to the following terms and conditions:

	Tranche 1	Tranche 2	Tranche 3
Grant date	7 Mar 2006	7 Mar 2006	7 Mar 2006
Vesting date	1 Sep 2007	1 Sep 2008	1 Sep 2009
Expiry Date	31 Aug2012	31 Aug 2013	31 Aug 2014
Grant date share price	$0.35	$0.35	$0.35
Exercise price	$0.307	vwap 30 days pre 30/6/07	vwap 30 days pre 30/6/08
Vesting conditions	50% vest if achieves Board approved budget for the year ended 30 June 2007	50% vest if achieves Board approved budget for the year ended 30 June 2008	50% vest if achieves Board approved budget for the year ended 30 June 2009
	50% vest if remains an employee on 30 June 2007	50% vest if remains an employee on 30 June 2008	50% vest if remains an employee on 30 June 2009

16(e) Weighted Average Fair Value of Options Granted

The weighted average fair value of the options granted during the year was $0.084452.

This price was calculated by using a binomial pricing model applying the following inputs:

Options issued prior to January 2006 using a expected volatility of 25%, historical volatility of 38%, risk free interest rate of 5.4% and an expected life of the options (where applicable) of 5.4 and 6.4 years.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

In valuing Richard Noon's options, Benson's utilised the following inputs: expected volatility of 50%; historical volatility of 52.88%; Australian Government risk free interest rates for 6 month, 2, 3 and 4 year periods; expected life of the option between 23 and 47 months and an expected dividend of 0.5 cents per share. The expected dividend is for input purposes only and is not an indication of Webjet's future dividend policy

16(f) Amount Included Under Employee Benefits Expense in Income Statement

Included under employee benefits expense in the income statement is $408,156 (2005: $636,245), and relates, in full, to equity-settled share-based payment transactions.

16 Share-based Payments – (Equity Settled) (continued)

16(g) Employee Tax Deferred Share Plan

Objective of share plan - the objective of the plan is to enable the company to do any or all of the following:

- Provide shares to eligible employees who are considered to be key to future success of the company as a long-term incentive in order to retain the services of those eligible employees in the future;
- Provide a means by which eligible employees may acquire shares in the company as part of their future remuneration;
- Provide the means by which eligible employees may continue to hold shares in the company with the benefit of available tax concessions;
- Provide shares to eligible employees as retention strategy; and
- Recognise and reward future performance of eligible employees and their contribution to the future success of the company by providing shares to those eligible employees.
- A 'trading lock' has been applied to the share plan, preventing transfer or sale of the tax deferred shares (TDS) until removed by the Nomination and Remuneration Committee. All TDS have a $Nil exercise price. The vesting conditions on the TDS require the employee to be in continued employment to vesting date and meet certain performance conditions as set out below:

	Grant date	Vesting Date	Outstanding at beginning of year	Granted	Outstanding at end of year	Value per TDS at grant date $	Convertible to unrestricted ordinary shares $	Performance based vesting conditions
Key Management Personnel:								
Dean Maidment	10/11/04	1/8/05	1,000,000	-	1,000,000	0.08	1,000,000	P&L on budget
Dean Maidment	10/11/04	1/8/06	750,000	-	750,000	0.08	-	As above
Dean Maidment	10/11/04	1/8/07	400,000	-	400,000	0.08	-	As above
Richard Noon	10/11/04	1/8/05	1,000,000	-	1,000,000	0.08	1,000,000	P&L on budget
Richard Noon	10/11/04	1/8/06	750,000	-	750,000	0.08	-	As above
Richard Noon	10/11/04	1/8/07	400,000	-	400,000	0.08	-	As above
Peter Burton	10/11/04	1/8/05	300,000	-	300,000	0.08	300,000	P&L on budget, EDP deliverable on budget and system up >99/5%
Peter Burton	10/11/04	1/8/06	150,000	-	150,000	0.08	-	As above
Peter Burton	10/11/04	1/8/07	200,000	-	200,000	0.08	-	As above
Other Employees:								
Tranche 1	10/11/04	1/8/05	200,000	-	200,000	0.08	200,000	Various business objectives
Tranche 2	10/11/04	1/8/06	200,000	300,000	500,000	0.08	-	As above
Tranche 3	10/11/04	1/8/07	200,000	-	200,000	0.08	-	As above
TOTAL			**5,550,000**	**300,000**	**5,850,000**		**2,500,000**	

5,687,500 TDS were issued in the prior year, which included the 5,600,000 opening balance above, and of these 87,500 were converted during 2004/05 resulting in a closing balance of 5,600,000 as at 30 June 2005.

17 Key Management Personnel Compensation

17(a) Key Management Personnel Names & Details & Total Compensation

Names and positions held of company directors and specified executives in office at any time during the financial year are:

Company Directors:

Allan Nahum	FCA, FICD, AAISA, (Non Executive Chairman)
Dr Bernard Lochtenberg	BE (Hons) D Phil FTSE (Non Executive Deputy Chairman)
David Clarke	(Executive Managing Director)
John Lemish	BEc (Executive Operations Director)
Steven Scheuer	BBus (Acc) (Non Executive Director)
John Guscic	BEc, MBA (Non Executive Director) Appointed 25 January 2006
Norman Fricker	(Non Executive Director) Resigned 3 October 2005
Timothy Dodds	BComm, CA (Non Executive Director) Resigned 9 February 2006

Other Key Management Personnel:

Dean Maidment	BBus (Acc)
Peter Burton	BSc Hons , MSc
Richard Noon	FCPA, CTFP (Snr), B Bus, Grad Dip (Acc)

The aggregate compensation of the key management personnel of the consolidated entity and the company is set out below:

	Consolidated Entity		Company	
	2006	2005	**2006**	2005
	$	**$**	**$**	**$**
Short-term benefits	**799,522**	664,645	**799,522**	664,645
Post-employment benefits	**243,275**	90,500	**243,275**	90,500
Other long-term benefits	**-**	-	**-**	-
Termination benefits	**-**	-	**-**	-
Share-based payments- equity settled	**318,598**	672,548	**318,598**	672,548
	1,361,395	1,427,693	**1,361,395**	1,427,693

The compensation of each member of the key management personnel of the consolidated entity and company is set out in Notes 17(i) and 17(j).

17 Key Management Personnel Compensation (continued)

17(b) Remuneration Philosophy and Policy

The consolidated entity's remuneration policy seeks to ensure

1. That 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. That 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. That 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.

However, 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, intelligence and comparative data of publicly listed companies and takes external specific advice from specialists when considered necessary.

The company operates an employee share plan and a tax deferred executive share plan and has in place shareholder authorised option plans.

17(c) Nomination and Remuneration Committee

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 the 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 ensuring that 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;
- observe those remuneration policies and practices; and
- fairly and responsibly reward executives having regard to the performance of the group, the performance of the executives and the general pay environment.

Also:

- 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.

17(d) Remuneration Structure

The current members of the Nomination and Remuneration Committee are Steven Scheuer and the independent directors Bernard Lochtenberg (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.

17 Key Management Personnel Compensation (continued)

17(e) Senior Management and Executive Director Compensation

Objective

The company 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.

Structure

Remuneration consists of the following key elements:

- fixed remuneration; and
- incentive remuneration in the form of options, bonuses and tax deferred shares.

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.

17(f) Non-executive director compensation

Objective

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.

Structure

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 remuneration of non-executive directors for the year ended 30 June 2006 is detailed in Note 17(i).

17(g) Fixed Compensation

Objective

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 remuneration committee and the process consists of a review of companywide, business unit and individual performance, relevant comparative remuneration in the market and internal and, where appropriate, external advice on policies and practices.

Structure

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.

The fixed remuneration component of the three most highly remunerated executives is detailed in Note 17(j).

17 Key Management Personnel Compensation (continued)

17(h) Variable Compensation - Short term and Long term Incentive

Objective

The company has implemented a share plan with the objective to do any or all of the following:

- Provide shares to eligible employees who are considered to be key to the future success of the company as a long term incentive in order to retain the services of those eligible employees in the future;
- Provide a means by which eligible employees may acquire shares in the company as part of their future remuneration;
- Provide shares to eligible employees as a retention strategy; and
- Recognise and reward performance of eligible employees and their contribution to the future success of the Company by providing shares to those eligible employees.

Structure

Incentive grants to executives are delivered in the form of options and tax deferred shares.

17(i) Company Directors' Compensation

2006	Short-term benefits		Post-employment benefits	Share-based payments – equity settled	Total
	Salary & Fees [(d)]	Cash Bonus [(c)]	Superannuation	Options [(a), (b)]	
	$	$	$	$	$
Allan Nahum	**-**	**-**	**102,830**	**81,867**	**184,697**
Dr Bernard Lochtenberg	**36,973**	**-**	**-**	**-**	**36,973**
David Clarke	**211,931**	**20,000**	**24,000**	**38,321**	**294,252**
John Lemish	**132,798**	**-**	**52,492**	**19,160**	**204,450**
Steven Scheuer	**16,961**	**-**	**1,526**	**-**	**18,487**
Timothy Dodds	**8,366**	**-**	**753**	**-**	**9,119**
Norman Fricker	**-**	**-**	**-**	**-**	**-**
John Guscic	**-**	**-**	**-**	**-**	**-**
Total	**407,029**	**20,000**	**181,601**	**139,348**	**747,978**

2005	Short-term benefits		Post-employment benefits	Share-based payments – equity settled	Total
	Salary & Fees [(d)]	Cash Bonus	Superannuation	Options [(b)]	
	$	$	$	$	$
Allan Nahum	31,386	-	2,824	-	34,210
Dr Bernard Lochtenberg	10,526	-	-	-	10,526
David Clarke	176,100	-	24,000	254,678	454,778
John Lemish	118,400	-	34,100	127,339	279,839
Steven Scheuer	4,839	-	425	-	5,264
Timothy Dodds	-	-	-	-	-
Norman Fricker	-	-	-	-	-
John Guscic	-	-	-	-	-
Total	341,251	-	61,349	382,017	784,617

17 Key Management Personnel Compensation (continued)
17(i) Company Directors' Compensation (continued)

a. There are no service or performance conditions attaching to options issued to Allan Nahum. These options are issued for prior services rendered by Allan Nahum for which he received a lower remuneration than would have otherwise been the case if the Company had engaged him on a totally commercial basis.

b. There is a service condition attaching to the options issued to David Clarke and John Lemish such that they must remain in continuous employment with the company from grant date to the vesting date for the options to vest. As at 30 June 2006, David Clarke holds 3,000,000 options and John Lemish holds 1,500,000 options that all vest on 31/3/07. As at 30 June 2005, there was an additional 3,000,000 and 1,500,000 options respectively which vested on 31/3/06.

c. The cash bonus was paid to David Clarke on 23/6/06 and was for achievement of the Company's objectives during the financial year.

d. The salary, fees and related superannuation are the only fixed components of key management personnel compensation.

17(j) Other Key Management Personnel Compensation

2006	**Short-term benefits**	**Post-employment benefits**	**Share-based payments – equity settled**		**Total**
	Salary & Fees [d]	**Superannuation**	**Options[a]**	**Deferred Shares[c]**	
	$	**$**	**$**	**$**	**$**
Dean Maidment	**123,853**	**11,147**	**-**	**56,265**	**191,265**
Peter Burton	**116,973**	**10,527**	**-**	**18,069**	**145,569**
Richard Noon	**131,667**	**40,000**	**48,651**	**56,265**	**276,583**
Total	**372,493**	**61,674**	**48,651**	**130,599**	**613,417**

2005	**Short-term benefits**	**Post-employment benefits**	**Share-based payments – equity settled**		**Total**
	Salary & Fees [d]	**Superannuation**	**Options[b]**	**Deferred Shares[c]**	
	$	**$**	**$**	**$**	**$**
Dean Maidment	123,853	11,147	20,000	99,902	254,902
Peter Burton	116,973	10,572	20,000	30,727	178,272
Richard Noon	82,568	7,432	20,000	99,902	209,902
Total	323,394	29,151	60,000	230,531	643,076

(a) The service and performance conditions for the options issued to R.Noon during the year are set out in Note 16(d).

(b) The 1,500,000 options issued to other key management personnel on 29 July 2004 did not have any vesting conditions. These options were granted for the achievement of objectives during the prior year.

(c) The service and performance conditions for the tax deferred shares are set out in Note 16(g).

(d) The salary, fees and related superannuation are the only fixed components of key management personnel compensation

17 Key Management Personnel Compensation (continued)

17(k) Shares Issued on Exercise of Compensation Options

Options exercised during the year that were granted as remuneration in prior periods.

	No of Ordinary Shares Issued	Amount Paid per Share $	Amount Unpaid per Share $
Company Directors			
David Clarke	5,000,000	0.05	-
John Lemish	2,500,000	0.05	-
Specified Executives			
Dean Maidment	500,000	-	-
Peter Burton	500,000	-	-
Richard Noon	500,000	-	-
	9,000,000		

17(l) Compensation Options

			Terms & Conditions for Each Grant			
	Granted No.	Grant Date	Fair Value per Option at Grant Date	Exercise Price $	First Exercise Date	Last Exercise/ Expiry Date
Allan Nahum	250,000	2/11/2005	0.3305	0.0667	01/11/06	31/10/08
Allan Nahum	250,000	2/11/2005	0.3305	0.0667	01/11/07	31/10/08
Richard Noon	3,000,000	7/3/2006	0.0703	0.30709	01/09/07	31/08/12
Richard Noon	4,000,000	7/3/2006	0.0605	vwap 30 days pre 30/6/07	01/09/08	31/08/13
Richard Noon	5,000,000	7/3/2006	0.0875	vwap 30 days pre 30/6/08	01/09/09	31/08/14

All options granted were issued for $Nil consideration and vest within one to four years of grant date and expire within one to five years of vesting. There are no service and performance criteria for the options issued to Allan Nahum. For the service and performance conditions attaching to Richard Noon's options, refer to Note 16(d).

17 Key Management Personnel Compensation (continued)

17(m) Options and Rights Holdings

Options holdings:

	Balance 01/07/2005	Granted as Compensation	Options Exercised	Balance 30/06/2006	Total Vested	Total Exercisable	Total Unexercisable
Directors							
Allan Nahum	-	500,000	-	500,000	-	-	500,000
Dr Bernard Lochtenberg	-	-	-	-	-	-	-
David Clarke	11,000,000	-	(5,000,000)	6,000,000	3,000,000	3,000,000	3,000,000
John Lemish	5,500,000	-	(2,500,000)	3,000,000	1,500,000	1,500,000	1,500,000
Steven Scheuer	-	-	-	-	-	-	-
Timothy Dodds	-	-	-	-	-	-	-
Norman Fricker	-	-	-	-	-	-	-
John Guscic	-	-	-	-	-	-	-
Specified Executives							
Dean Maidment	500,000	-	(500,000)	-	-	-	-
Peter Burton	500,000	-	(500,000)	-	-	-	-
Richard Noon	500,000	12,000,000	(500,000)	12,000,000	-	-	12,000,000
Total	18,000,000	12,500,000	(9,000,000)	21,500,000	4,500,000	4,500,000	17,000,000

17 Key Management Personnel Compensation (continued)

17(n) Shareholdings

	Balance 01/07/2005	Received as Compensation	Options Exercised	Net Change Other*	Balance 30/06/2006
Directors					
Allan Nahum	3,206,704	-	-	(815,000)	2,391,704
Dr Bernard Lochtenberg	800,000	-	-	(84,021)	715,979
David Clarke	1,484,744	-	5,000,000	(6,284,744)	200,000
John Lemish	6,188,350	-	2,500,000	-	8,688,350
Steven Scheuer	25,399,143	-	-	-	25,399,143
Timothy Dodds	-	-	-	-	-
Norman Fricker	-	-	-	-	-
John Guscic	-	-	-	-	-
Specified Executives					
Dean Maidment	3,061,000	-	500,000	(411,000)	3,150,000
Peter Burton	1,700,000	-	500,000	(400,000)	1,800,000
Richard Noon	2,850,000	-	500,000	(350,000)	3,000,000
	44,689,941	**-**	**9,000,000**	**(8,344,765)**	**45,345,176**

* Net change other refers to shares purchased or sold during the financial year.

17(o) Service and Employment Agreements for Key Management Personnel

The following table sets out the key elements of key management personnel agreements.

	Agreement date	Term (yrs)	Notice Period	Termination Payment	Base salary including Superannuation $	Cash Salary At Risk $	Possible cash total $	Options
D Clarke*	1 Apr 2006	3	12 months	12 months in lieu of notice	370,000	27,000	397,000	Refer Note 17(k)
R Noon	7 Mar 2006	3	6 months	6 months in lieu of notice	250,000	25,000	275,000	Refer Note 17(k)
J Lemish	1 Apr 2006	3	6 months	6 months in lieu of notice	180,000	60,000	240,000	Refer Note 17(k)
D Maidment **	1 Jul 2006	3	6 months	6 months in lieu of notice	150,000	20,000	170,000	Refer Note 17(k)

* The Board may consider the package of D Clarke at any time and discuss its quantum and make up.

** The agreement with D Maidment was entered into on 1 July 2006. The figures in the above table reflect the new agreement

18 Auditors' Remuneration

	Consolidated Entity		Company	
	2006	2005	**2006**	2005
	$	$	**$**	$
Remuneration of the auditor of the company for:				
- Auditing or reviewing the financial report	**42,000**	33,266	**-**	-
- Taxation compliance services	**8,895**	6,750	**-**	-
- Accounting advice and reports	**2,966**	4,755		
- Taxation advice on research and development	**10,265**	5,171	**-**	-
	64,126	**49,942**	**-**	**-**

19 Capital and Leasing Commitments

Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

	Consolidated Entity		Company	
	2006	2005	**2006**	2005
	$	$	**$**	$
Payable - minimum lease payments				
- not later than 12 months	**278,324**	143,269	**-**	-
- between 12 months and 5 years	**462,875**	32,687	**-**	-
	741,199	175,956	**-**	-

- The office lease is a non-cancellable lease with a four year term. Rent is payable monthly in advance. The lease contains two options for further periods of four years.
- The company also has various rental agreements for computer equipment which are fixed rent as with terms of one to three years. Rental is payable monthly in advance.

20 Contingent Liabilities and Contingent Assets

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

21 Related Party Transactions

21(a) Transactions with Related Parties

2006

Amplify Services Pty Ltd, of which Richard Noon is a director, was paid a total of $932,456, of which $809,117 relates to third party search engine payments for entities such as Google and Yahoo, and $133,672 relates to consultancy search management and design services

2005

Fees for advertising services of $68,158 were paid to Amplify, of which Richard Noon is a partner and $23,540 was paid to Amplify Services Pty Ltd of which Richard Noon is a director.

21(b) Wholly-owned Group Transactions

Loans

As at 30 June 2006 Webjet Marketing owes Webjet Limited $1,882,995 (2005: $1,310,145).

Royalty Payments

As at year end, both Webjet Limited and Webjet Marketing have recognised a royalty payment due from Webjet Marketing to Webjet Limited for $1,041,059 (2005: $644,889).

The royalty payment has been charged based upon a licence agreement between the entities.

21(c) 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.

22 Cash Flow Information

22(a) Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax

	Consolidated Entity		Company	
	2006 $	2005 $	2006 $	2005 $
Net profit for the year	**2,375,311**	2,735,817	**5,563,430**	1,127,778
Cash flows excluded from profit from ordinary activities attributable to operating activities				
Non-cash flows in profit from ordinary activities				
Reversal of previous impairment write-down	**-**	-	**(4,550,000)**	-
Amortisation of intangible assets	**241,322**	369,845	**230,409**	353,206
Depreciation of plant and equipment	**23,761**	19,191	**-**	-
Write off of assets	**26,390**	1,923	**-**	-
Subsidiary expenses paid by issue of shares in Company	**-**	16,009	**-**	-
Share option and employee shares expense	**408,156**	636,245	**-**	-
Provision for doubtful debts	**33,000**	41,077	**-**	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries				
Increase in trade and term receivables	**(589,115)**	(519,355)	**(1,600,007)**	(673,902)
(Increase)/decrease in prepayments	**13,103**	(62,064)	**-**	-
Increase in trade payables and accruals	**581,909**	83,495	**-**	29,013
(Increase)/decrease in deferred tax assets	**1,129,627**	(1,991,045)	**394,880**	(830,787)
Increase in provisions	**51,498**	96,229	**-**	-
Cash flow from Operating Activities	**4,294,962**	1,427,367	**38,712**	5,308

22(b) Non-cash Financing and Investing Activities

Share Issues

23,718,388 shares were issued on 25 January 2006 for completing subscription agreement obligations relating to licensing and share subscription agreements entered into by Galileo and Webjet in February 2003 and subsequently amended in February 2004 at a value of $800,000 in accordance with the subscription agreement.

581,058 shares were issued on the conversion of the debenture with a face value of $200,000 held by Galileo on 25 January 2006.

Acquisitions not reflected in Statement of Cash Flows

Acquisition of TSA software licence at a value of $800,000 paid by issue of shares (see above).

23 Financial Instruments

23(a) Financial Risk Management

The consolidated entity's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills, and leases. The main purpose for non-derivative financial instruments is to provide finance for group operations.

The consolidated entity does not have any derivative financial instruments at 30 June 2006.

(i) Treasury Risk Management

A finance committee consisting of senior executives of the consolidated entity meet on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

23(b) Interest Rate Risk

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		**Floating Interest Rate**	
	2006	2005	**2006**	2005
	%	%	**$**	$
Financial Assets:				
Cash	**5.80**	5.00	**23,064,061**	3,542,935
Receivables	**-**	-	**-**	-
Total Financial Assets			**23,064,061**	3,542,935
Financial Liabilities:				
Debentures	**-**	-	**-**	-
Trade and sundry creditors	**-**	-	**-**	-
Total Financial Liabilities			**-**	-

	Non-interest Bearing		Total	
	2006	2005	**2006**	2005
	$	$	**$**	$
Financial Assets:				
Cash	**-**	-	**23,064,061**	3,542,935
Receivables	**1,327,767**	751,651	**1,327,767**	751,651
Total Financial Assets	**1,327,767**	751,651	**24,391,828**	4,294,586
Financial Liabilities:				
Debentures	**-**	200,000	**-**	200,000
Trade and sundry creditors	**1,312,664**	730,755	**1,312,664**	730,755
Total Financial Liabilities	**1,312,664**	930,755	**1,312,664**	930,755

23(c) 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 creditworthy counterparties. 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 2006 totalled $827,759 (2005: $636,864).

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.

23(d) Fair Values of Financial Instruments

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

The fair values of receivables and payables are determined in accordance with generally accepted pricing models based on discounted cash flow analysis. Transaction costs are included in the determination of net fair value.

23(e) 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.

24 First-time Adoption of Australian Equivalents to International Financial Reporting Standards

24(a) Consolidated Entity - Reconciliation of Balance Sheet (start of prior year)

Reconciliation of Balance Sheet at 1 July 2004

	Previous GAAP as at 1 July 2004	Adjustment	Australian Equivalents to IFRS at 1 July 2004
	$	$	$
CURRENT ASSETS			
Cash and cash equivalents	794,512	-	794,512
Trade and other receivables	243,373	-	243,373
Other current assets	36,185	-	36,185
TOTAL CURRENT ASSETS	1,074,070	-	1,074,070
NON-CURRENT ASSETS			
Property, plant and equipment	70,761	-	70,761
Intangible assets	1,857,450	-	1,857,450
TOTAL NON-CURRENT ASSETS	1,928,211	-	1,928,211
TOTAL ASSETS	3,002,281	-	3,002,281
CURRENT LIABILITIES			
Trade and other payables	1,359,389	-	1,359,389
Short-term provisions	68,321	-	68,321
TOTAL CURRENT LIABILITIES	1,427,710	-	1,427,710
NON-CURRENT LIABILITIES			
Trade and other payables	400,000	-	400,000
TOTAL NON-CURRENT LIABILITIES	400,000	-	400,000
TOTAL LIABILITIES	1,827,710	-	1,827,710
NET ASSETS	**1,174,571**	**-**	**1,174,571**
EQUITY			
Issued capital	10,769,154	-	10,769,154
Accumulated losses	(9,594,583)	-	(9,594,583)
Company interest	1,174,571	-	1,174,571
TOTAL EQUITY	**1,174,571**	**-**	**1,174,571**

24 First-time Adoption of Australian Equivalents to International Financial Reporting Standards (continued)

24(b) Company - Reconciliation of Balance Sheet (end of prior year)

Reconciliation of Balance Sheet at 1 July 2004

	Previous GAAP as at 1 July 2004 $	Adjustment $	Australian Equivalents to IFRS at 1 July 2004 $
CURRENT ASSETS			
Cash and cash equivalents	37,438	-	37,438
TOTAL CURRENT ASSETS	37,438	-	37,438
NON-CURRENT ASSETS			
Other financial assets	1,018,336	-	1,018,336
Intangible assets	1,831,398	-	1,831,398
TOTAL NON-CURRENT ASSETS	2,849,734	-	2,849,734
TOTAL ASSETS	2,887,172	-	2,887,172
CURRENT LIABILITIES			
Trade and other payables	1,012,129	-	1,012,129
TOTAL CURRENT LIABILITIES	1,012,129	-	1,012,129
NON-CURRENT LIABILITIES			
Trade and other payables	664,520	-	664,520
TOTAL NON-CURRENT LIABILITIES	664,520	-	664,520
TOTAL LIABILITIES	1,676,649	-	1,676,649
NET ASSETS	**1,210,523**	**-**	**1,210,523**
EQUITY			
Issued capital	10,769,154	-	10,769,154
Accumulated losses	(9,558,631)	-	(9,558,631)
TOTAL EQUITY	**1,210,523**	**-**	**1,210,523**

24 First-time Adoption of Australian Equivalents to International Financial Reporting Standards (continued)

24(c) Consolidated Entity - Reconciliation of Balance Sheet (end of prior year)

Reconciliation of Balance Sheet at 30 June 2005

	Previous GAAP as at 30 June 2005	Adjustment on introduction of Australian Equivalents to IFRS	Australian Equivalents to IFRS at 30 June 2005
	$	$	$
CURRENT ASSETS			
Cash and cash equivalents	3,542,935	-	3,542,935
Trade and other receivables	721,651	-	721,651
Other current assets	98,249	-	98,249
TOTAL CURRENT ASSETS	4,362,835	-	4,362,835
NON-CURRENT ASSETS			
Property, plant and equipment	56,421	-	56,421
Deferred tax assets	69,123	1,921,922	1,991,045
Intangible assets	1,680,981	-	1,680,981
TOTAL NON-CURRENT ASSETS	1,806,525	1,921,922	3,728,447
TOTAL ASSETS	6,169,360	1,921,922	8,091,282
CURRENT LIABILITIES			
Trade and other payables	630,755	-	630,755
Short-term provisions	89,950	-	89,950
TOTAL CURRENT LIABILITIES	720,705	-	720,705
NON-CURRENT LIABILITIES			
Trade and other payables	300,000	-	300,000
Deferred tax liabilities	5,385	(5,385)	-
Long-term provisions	74,600	-	74,600
TOTAL NON-CURRENT LIABILITIES	379,985	(5,385)	374,600
TOTAL LIABILITIES	1,100,690	(5,385)	1,095,305
NET ASSETS	**5,068,670**	**1,927,306**	**6,995,977**
EQUITY			
Issued capital	13,162,499	-	13,162,499
Reserves	56,000	636,245	692,245
Accumulated losses	(8,149,829)	1,291,061	(6,858,767)
TOTAL EQUITY	**5,068,670**	**1,927,306**	**6,995,977**

24 First-time Adoption of Australian Equivalents to International Financial Reporting Standards (continued)

24(d) Company - Reconciliation of Balance Sheet (start of prior year)

Reconciliation of Balance Sheet at 30 June 2005

	Previous GAAP as at 30 June 2005	Adjustment on introduction of Australian Equivalents to IFRS	Australian Equivalents to IFRS at 30 June 2005
	$	$	$
CURRENT ASSETS			
Cash and cash equivalents	1,101,530	-	1,101,530
TOTAL CURRENT ASSETS	1,101,530	-	1,101,530
NON-CURRENT ASSETS			
Trade and other receivables	673,900	636,245	1,310,147
Other financial assets	1,018,336	-	1,018,336
Deferred tax assets	-	830,787	830,787
Intangible assets	1,663,091	-	1,663,091
TOTAL NON-CURRENT ASSETS	3,355,327	1,467,032	4,822,359
TOTAL ASSETS	4,456,857	1,467,032	5,923,889
CURRENT LIABILITIES			
Trade and other payables	200,000	-	200,000
TOTAL CURRENT LIABILITIES	200,000	-	200,000
NON-CURRENT LIABILITIES			
Trade and other payables	300,000	-	300,000
TOTAL NON-CURRENT LIABILITIES	300,000	-	500,000
TOTAL LIABILITIES	500,000	-	500,000
NET ASSETS	**3,956,857**	**1,467,032**	**5,423,889**
EQUITY			
Issued capital	13,162,499	-	13,162,499
Reserves	56,000	636,245	692,245
Accumulated losses	(9,261,638)	830,787	(8,430,855)
TOTAL EQUITY	**3,956,857**	**1,467,032**	**5,423,889**

24 First-time Adoption of Australian Equivalents to International Financial Reporting Standards (continued)

24(e) Reconciliation of Income Statement by Nature (end of prior year)

Consolidated Entity

Reconciliation of Profit for 2005

	Previous GAAP $	Effect of Translation to Australian Equivalents to IFRS $	Australian Equivalents to IFRS $
Revenues from ordinary activities	5,294,996	-	5,294,996
	5,294,996	-	5,294,996
Employee benefits expense	(1,468,167)		(1,468,167)
Option expense	-	(636,245)	(636245)
Depreciation, amortisation and impairments	(389,037)	-	(389,037)
Marketing expenses	(836,633)	-	(836,633)
Technology expense	(313,120)	-	(313,120)
Rent	(191,345)	-	(191,345)
Directors' fees	(50,000)	-	(50,000)
Professional fees	(104,971)	-	(104,971)
Insurance	(52,523)	-	(52,523)
Telephones	(105,768)	-	(105,768)
Listing and registry fees	(82,480)	-	(82,480)
Stationery	(22,413)	-	(22,413)
Doubtful debts	(41,077)	-	(41,077)
Other expenses from ordinary activities	(256,445)	-	(256,446)
Profit from ordinary activities before income tax	1,381,017	(636,245)	744,772
Income tax benefit relating to ordinary activities	63,738	1,927,306	1,991,045
Profit from ordinary activities after related income tax expense	1,444,755	1,291,061	2,735,817
Profit for the year	1,444,755	1,291,061	2,735,817
Profit attributable to members of the Company	1,444,755	1,291,061	2,735,817

24 First-time Adoption of Australian Equivalents to International Financial Reporting Standards (continued)

24(e) Reconciliation of income Statement by Nature (end of prior year) (continued)

Company

Reconciliation of Profit for 2005

	Previous GAAP $	Effect of Translation to Australian Equivalents to IFRS $	Australian Equivalents to IFRS $
Revenues from ordinary activities	650,699	-	650,699
	650,699	-	650,699
Depreciation and amortisation expense	(353,206)	-	(353,206)
Other expenses from ordinary activities	(502)	-	(502)
Profit from ordinary activities before income tax	296,991	-	296,991
Income tax benefit relating to ordinary activities	-	830,787	830,787
Profit from ordinary activities after related income tax expense	296,991	830,787	1,127,778
Profit attributable to members of the Company	296,991	830,787	1,127,778

24(f) Notes to the Reconciliations

(1) Share based payments must now be expensed under AIFRSs, AASB 2: Share Based Payments with a corresponding increase in equity (share option reserve). The fair value is measured at grant date and expensed over the period from grant date to vesting date, being the date that employees are unconditionally entitled to the options. The fair value of the options are measured using the binomial model, taking into account the terms and conditions attached to the options. The amount recognised as an expense will be adjusted to reflect the actual number of options that vest.

(2) Under AIFRS the test for recognition of deferred tax assets in relation to carry forward tax losses is 'probable'. The directors are of the opinion that this test is less stringent under AIFRS than under AGAAP, and on that basis would recognise the deferred tax asset as a 30 June 2005 under AIFRS. The effect of the recognition is to increase retained earnings for the amount of the previously unrecognised deferred tax asset in relation to tax losses, and recognise a corresponding income tax benefit in the income statement which increases net profit after tax.

24(g) Effect of AIFRS on Cash Flow Statement

There are no material differences between the cash flow statement presented under AIFRS and the cash flow statement presented under the superseded policies for the year ended 30 June 2005

25 Investments in Subsidiaries (Cost Method)

	Country of incorporation	% Ownership interest 2006	% Ownership interest 2005
Name			
Webjet Marketing Pty Ltd	Australia	100	100
^ Webjet Operations Pty Ltd	Australia	100	100

^ Investment held by Webjet Marketing Pty Ltd

26 Company Details

Registered Office

The registered office of the public company is:

Webjet Limited
Level 9
492 St Kilda Road
Melbourne Vic 3004

27 Segment Information

Segment Products and Locations

The consolidated entity operated in one business segment being internet-based travel booking services.

The consolidated entity operates in one geographical segment being Australia.

28 Subsequent Events

There are no events subsequent to balance date to disclose.

Auditor’s Independence Declaration

Under s307C of the Corporations Act 2001

To the Directors of Webjet Limited and Controlled Entities

As the lead audit partner for the audit of the financial statements of Webjet Limited for the financial year ended 30 June 2006, I declare to the best of my knowledge and belief that there have been no contraventions of:

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

(ii) any applicable code of professional conduct in relation to the audit.

DTT VICTORIA

(Formerly BDO Melbourne)

Jeff Knott
Partner
Chartered Accountants
Melbourne: 16 August 2006

ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 31 July 2006.

(a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of share are:

	Ordinary shares	
	Number of holders	**Number of shares**
1 - 1,000	**18**	**8,105**
1,001 - 5,000	**559**	**1,813,848**
5,001 - 10,000	**521**	**4,541,295**
10,001 - 100,000	**1,139**	**39,853,865**
100,001 and over	**193**	**275,507,661**
Total ordinary, employees & restricted classes of shares	**2,421**	**321,124,774**
The number of shareholders holding less than a marketable parcel of shares are:	**99**	**2,415**

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

		Listed ordinary shares	
		Number of shares	**Percentage of ordinary shares**
1	INVIA CUSTODIAN PTY LIMITED	57,495,220	17.87
2	MR STEVEN SCHEUER	24,899,143	7.74
3	HORWATH (NSW) PTY LIMITED	19,000,000	5.91
4	ANZ NOMINEES LIMITED	18,517,768	5.76
5	UBS NOMINEES PTY LTD	18,012,330	5.60
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSI EDA	12,913,191	4.01
7	GIW HOLDINGS CV	8,299,446	2.58
8	MR JOHN LEMISH	6,588,350	2.05
9	CITICORP NOMINEES PTY LIMITED	6,022,937	1.87
10	J P MORGAN NOMINEES AUSTRALIA LIMITED	5,030,084	1.56
11	KING-ENG TAN	4,090,727	1.27
12	CAPSTAN NOMINEES PTY LTD	3,538,120	1.10
13	MR CHRIS CARR MRS BETSY CARR	3,500,000	1.09
14	NATIONAL NOMINEES LIMITED	3,379,115	1.05
15	BRISPOT NOMINEES PTY LTD HOUSE HEAD NOMINEE NO 1 A/C	3,204,450	1.00
16	THE AUSTRALIAN OUTBACK TRAVEL COMPANY PTY LTD	3,202,087	1.00
17	MR IAN STANLEY BOOTES MRS KYLIE BOOTES	3,195,000	0.99
18	MR DEAN MAIDMENT	3,150,000	0.98
19	WARBONT NOMINEES PTY LTD UNPAID ENTREPOT A/C	2,820,550	0.88
20	RICHARD NOON	2,800,000	0.87
		209,658,518	**65.17**

(c) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

Home Page Display

webjet.com.au