Webjet Limited ABN: 68 002 013 612

Half-Year Financial Report

Half-Year Ended 31 December 2006

ABN: 68 002 013 612

Corporate Information

Directors

Allan Nahum (Non Executive Chairman)
Dr Bernard Lochtenberg (Non Executive Deputy Chairman)
David Clarke (Executive Managing Director)
John Lemish (Executive Operations Director)
Steven Scheuer (Non Executive Director)
John Guscic (Non Executive Director)
Christopher Newman (Non Executive Director – Appointed 1 December 2006)

Company Secretary

Richard Noon

Registered Office

Level 9 492 St Kilda Road Melbourne Vic 3004

Solicitors

Minter Ellison 525 Collins Street Melbourne Vic 3000

Bankers

ANZ Bank 420 St Kilda Road Melbourne Vic 3004

Share Registry

Computershare Level 5 115 Grenfell Street Adelaide SA 5000

Auditors

BDO 248 Flinders Street Adelaide SA 5000

Internet Address

www.webjet.com.au

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Directors' Report

Your directors present their report on the company and its controlled entities for the financial half-year ended 31 December 2006.

Directors

The names and details of the company's directors in office during the half-year and until the date of this report are as follows:

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, B.Ec (Executive Operations Director)

Steven Scheuer, B.Bus (Acc) (Non Executive Director)

John Guscic, B.Ec, MBA (Non Executive Director)

Christopher Newman, B.Ec, B.Comm (Non Executive Director - Appointed 1 December 2006)

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

Review of Operations

The half year ended 31 December 2006 has provided a consolidated profit after tax of \$1.489m compared to a profit after tax for 2005 of \$0.991m, an increase of 50%.

The profit before tax for the half year increased from \$1.53m to \$1.95m an increase of 27%.

As reported progressively to the market during the six months between July and December 2006, gross transaction values for the half year to December 2006 have increased substantially, \$116.9m compared to \$76.9m the previous year, an increase of 52%.

This continued increase in transaction volumes is a result of continued consumer acceptance of Webjet's high level of customer service, product offering and a carefully targeted aggressive marketing campaign as foreshadowed in the company's annual report. Marketing expenditure during the period increased from \$0.97m last year to \$2.64m but has been controlled in an approximate 2% band relative to TTV. The precise calculations are 1.27% last year and 2.26% this year which has been offset in part by reduced operating cost as a percentage of TTV which has declined by 0.5% reflecting economy of scale of operations.

Margins without interest earnings have been essentially static.

Trading profits have seen a net positive cash flow for the half year of \$2.6m and has resulted in a cash on hand figure of \$25.6m.

The calculated effective rate of taxation for the half year is 23.5% which reflects the tax offset benefit from the research and development grant relating to software development.

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Directors' Report

Review of Operations (continued)

At the current time we consider the Australian travel market both domestically and internationally from Australia to be satisfactory. Whilst this position continues to be closely monitored, the potential adverse effect of oil prices has receded as evidenced by some reductions in airline fuel surcharges.

Whilst it is neither possible nor prudent to make forecasts at this time, we are again encouraged by the very strong start to calendar year 2007.

Auditors Independence Declaration

The auditors independence declaration for the half-year ended 31 December 2006 has been received and can be found on page 13 of the financial report.

Signed in accordance with a resolution of the directors.

Allan Nahum Director

Melbourne, 29 January 2007

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Condensed Consolidated Income Statement

Half-year ended 31 December 2006

	Half Year	Half Year
	December 31 December 3	
	2006 \$ (000's)	2005 \$ (000's)
Revenue		
Commissions	1,612	2,304
Service fees	4,874	2,228
Marketing support	98	34
Interest income	773	114
	7,357	4,680
Employee costs	(1,808)	(1,177)
Depreciation, amortisation and impairments	(90)	(209)
Marketing expenses	(2,640)	(974)
Website hosting expense	(333)	(235)
Rent	(103)	(114)
Directors' fees	(90)	(116)
Professional fees	(109)	(114)
Insurance	(24)	(36)
Telephone	(65)	(60)
Listing and registry fees	(65)	(51)
Stationery	(16)	(12)
Other expenses	(68)	(52)
	(5,411)	(3,150)
Profit before income tax Income tax expense	1,946 (457)	1,530 (539)
Profit attributable to members of the parent entity after tax	1,489	991
Earnings Per Share:		
Basic earnings per share (cents per share)	0.46	0.41
Diluted earnings per share (cents per share)	0.43	0.33

The above Condensed Consolidated Income Statement should be read in conjunction with the accompanying notes.

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Condensed Consolidated Balance Sheet

As at 31 December 2006

	1	December 31	June 30
	Note	2006 \$ (000's)	2006 \$ (000's)
Current assets			
Cash and cash equivalents		25,645	23,064
Trade and other receivables		901	1,278
Other assets	-	148	86
Total current assets	_	26,694	24,428
Non-current assets			
Property, plant and equipment		201	158
Deferred tax assets		405	861
Intangible assets	_	2,956	2,459
Total non-current assets	_	3,562	3,478
TOTAL ASSETS	-	30,256	27,906
Current liabilities			
Trade and other payables		1,556	1,313
Provisions	_	156	129
Total current liabilities	_	1,712	1,442
Non-current liabilities			
Provisions	_	101	87
Total non-current liabilities	_	101	87
TOTAL LIABILITIES	_	1,813	1,529
NET ASSETS	_	28,443	26,377
FOURTY			
EQUITY Share capital	3	30,537	30,155
Reserves	3	900	705
Accumulated losses		(2,994)	(4,483)
TOTAL EQUITY	-	28,443	26,377
	=	20,170	20,077

The above Condensed Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

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Condensed Consolidated Statement of Changes in Equity

Half-year ended 31 December 2006

	Ordinary Shares \$	Accumulated Losses \$	General Reserves \$	Option Reserve \$	Total
Half-year ended 31 December 2006	(000's)	(000's)	(8'000}	(a'000)	(a'000)
Equity as at 1 July 2006	30,155	(4,483)	•	705	26,377
Changes					
Profit for the period	•	1,489	•		1,489
Issue of shares	358	•	•		358
Transfers to and from reserves					
Option reserve	25	5 -		195	220
Sub-total	383	1,489	и	195	2,067
Equity as at 31 December 2006	30,537	(2,994)	•	900	28,443
	Ordinary Shares	Accumulated Losses	General Reserves	Option Reserve	Total
	\$	\$	\$	\$	\$
Half-year ended 31 December 2005	(000's)	(000's)	(8'000)	(a'000)	(000's)
Equity as at 1 July 2005	13,162	(6,820)	56	636	6,996
Changes					
Profit for the period	-	991	-	-	991
Issue of shares	375	-	-	-	375
Transfers to and from reserves Option reserve	-	-	-	137	137
Sub-total	375	991	-	137	1,503
Equity as at 31 December 2005	13.537	(5,829)	56	773	8.538

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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Condensed Consolidated Cash Flow Statement

Half-year ended 31 December 2006

	Half Year	Half Year	
	December 31 Decemb		
	\$ (000's)	\$ (000's)	
Cash from operating activities:			
Receipts from customers	7,301	4,268	
Payments to suppliers and employees	(5,149)	(2,612)	
Interest received	699	114	
Total cash provided by operating activities	2,851	1,771	
Cash flows from investing activities:			
Acquisition of property, plant and equipment	(64)	(29)	
Acquisition of intangible assets	(566)	(66)	
Net cash used by investing activities	(630)	(95)	
Cash flows from financing activities:			
Proceeds from the issue of share capital	358	375	
Net cash provided by financing activities	358	375	
Net increase in cash and cash equivalents	2,581	2,051	
Cash and cash equivalents at beginning of period	23,064	3,543	
Cash and cash equivalents at end of period	25,645	5,594	

The above Condensed Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

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Notes to the Financial Statements

Half-year ended 31 December 2006

1 Basis of Preparation half year report

This general purpose financial report for the interim half-year reporting period ended 31 December 2006 has been prepared in accordance with Australian Accounting Standard 134 "Interim Financial Reporting" and the Corporations Act 2001.

The historical cost basis has been used, except for investment properties, land and buildings, derivatives and available-for-sale financial assets which have been measured at fair value.

This interim report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. Accordingly, this interim financial report is to be read in conjunction with the annual report for the year ended 30 June 2006 and any public announcements made by Webjet Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies and methods of computation have generally been followed in this interim financial report as compared with the most recent annual financial report.

2 Company Details

The registered office of the company is:
Webjet Limited
Level 9
492 St Kilda Road
Melbourne Vic 3004

3 Equity Securities Issued

	_
	<u>s</u>
Exercise of options under the Employee option plan	2,
Issued under employee tax deferred plan	:
Shareholder participation plan	
Total	2,

2006	2005	2006	2005
		\$	\$
Shares	Shares	(000's)	(000's)
2,000,000	9,000,000	350	375
360,500	250,000	-	-
27,584	-	8	
2,388,084	9,250,000	358	375

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Notes to the Financial Statements

Half-year ended 31 December 2006

4 Dividends paid or provided for on ordinary shares

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

5 Contingent assets and liabilities

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

6 Segment information

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

7 Rounding of amounts

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

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Chief Executive Officer and Chief Financial Officer Sign Off

The Chief Executive Officer and Chief Financial Officer of Webjet Limited state that:

- With regard to the integrity of the financial statements of Webjet Limited for the half-year ended 31 December 2006, that having made appropriate enquiries, in our opinion:
 - (a) the financial records of Webjet Limited and of the entities for whom financial statements are required to be included in its consolidated financial statements (the Consolidated Entity) for the half-year have been properly maintained in accordance with section 286 of the Corporations Act 2001; and
 - (b) the financial report of Webjet Limited, being the financial statements and notes for the half-year, present a true and fair view, in all material respects of the financial position and performance of the Consolidated Entity in accordance with section 305 of the Corporations Act 2001and comply with relevant accounting standards, in all material respects, in accordance with section 304 of the Corporations Act 2001.
- With regard to the risk management and internal compliance and control systems of Webjet Limited in operation as at 31 December 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 31 December 2006 that would indicate any material change to the statements made in 1(a) and 1(b) above, and
- 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.

David Clarke
Managing Director/Chief Executive Officer

Date: 29 January 2007

Peter O'Sullivan
Chief Financial Officer
Date: 29 January 2007

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Directors' Declaration

The directors of the company declare that:

- 1. the financial statements and notes, as set out on pages 5 to 10, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 31 December 2006 and of the performance for the half-year ended on that date of the consolidated entity;
- 2. 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.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Allan Nahum Director

Dated: 29 January 2007

Webjet Limited

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Auditor's Independence Declaration

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2006 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

Gregory R Wiese

Partner BDO

29 January 2007

Adelaide

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Independent Auditor's Review Report

To the members of Webjet Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Webjet Limited, which comprises the condensed balance sheet as at 31 December 2006, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement or description of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year end or from time to time during the half-year in order for the disclosing entity to lodge the half-year financial report with the Australian Securities and Investments Commission.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Webjet Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Webjet Limited on 2 February 2007 would be in the same terms if provided to the directors as at the date of this auditor's review report.

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Independent Auditor's Review Report

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Webjet Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

BDO

Chartered Accountants

Gregory R Wiese

Partner

29 January 2007

Adelaide