JETSET TRAVELWORLD LIMITED AND CONTROLLED ENTITIES

APPENDIX 4D AND

CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2011

ABN 60 091 214 998

ASX CODE: JET

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JETSET TRAVELWORLD LIMITED

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	December 2011 $'000	December 2010 [3] $'000	Change $'000	Change %
Total transaction value (TTV) [1]	2,814,135	2,213,639	600,496	+27.1%
Revenue	187,495	151,887	35,608	+23.4%
Adjusted EBITDAI [2]	25,072	17,771	7,301	+41.1%
Profit before tax	16,494	6,427	10,067	+156.6%
Profit after tax attributable to members	11,198	1,336	9,862	+738.2%
	December 2011 Cents	**December 2010 Cents**	**Change Cents**	**Change %**
Basic earnings per share	2.55	0.41	2.14	+522.0%
Diluted earnings per share	2.54	0.41	2.13	+519.5%
Interim dividends per share	1.10	-	1.10	N/A

[1] Total Transaction Value (TTV) does not represent revenue in accordance with Australian Accounting Standards. TTV represents the price at which travel products and services have been sold across the Jetset Travelworld Group ("Group"), as agents for various airlines and other service providers, plus revenue from other sources. The Group's revenue is, therefore, derived from TTV. Total TTV does not represent Group cash inflows as some transactions are settled directly between the customer and the supplier. This information has not been subject to any review procedures by our auditor but has been extracted from Note 3 of the accompanying Interim Financial Report.

[2] Earnings before interest expense, taxation, depreciation, amortisation, impairment and share-based payments (EBITDAI) is adjusted for significant or unusual items of income or expense as detailed in note 3(c)(i) to the interim financial statements. Adjusted EBITDAI is a financial measure which is not prescribed by Australian Accounting Standards but is the measure used by the Board, CEO, CFO and senior management to assess the performance of the operating segments. This information has not been subject to any review procedures by our auditor but has been extracted from Note 3 of the accompanying Interim Financial Report.

[3] As a result of the reverse acquisition of Jetset Travelworld Limited and its controlled entities (JTL) by Stella Travel Services Holdings Pty Limited and its controlled entities (STS), the results for the period from 1 July 2010 to 31 December 2010 represents the results of STS only for the period from 1 July 2010 to 30 September 2010 and the consolidated results for STS and JTL for the period from 1 October 2010 to 31 December 2010. Refer to note 10, Business acquisitions, for further information on pro-forma comparative results.

Reconciliation of Adjusted EBITDAI to profit before tax

	December 2011 $'000	December 2010 [3] $'000	Change $'000	Change %
Adjusted EBITDAI	25,072	17,771	7,301	+41.1%
Merger, transaction and redundancy costs	(2,240)	(5,164)	2,924	-56.6%
Legal costs relating to GST matter	(195)	(803)	608	-75.7%
Depreciation and amortisation expense	(3,908)	(2,902)	(1,006)	+34.7%
Finance costs	(1,852)	(2,475)	623	-25.2%
Share based payments expense	(383)	-	(383)	N/A
Profit before tax	16,494	6,427	10,067	+156.6%

DIVIDENDS

30 June 2011 special dividend paid 4 October 2011	
Amount per security (cents)	1.0
Franked amount per security at 30% tax	1.0
30 June 2011 final dividends paid 4 October 2011	
Amount per security (cents)	2.0
Franked amount per security at 30% tax	2.0
Total dividends paid during the period ($'000)	$13,173
31 December 2011 interim dividend (cents)	1.10
Total interim dividend ($'000) [1]	$4,830

[1] The company will pay dividends totalling 1.10 cents per share fully franked on Monday 2 April 2012 to shareholders entered on the share register at close of business on Monday 19 March 2012.

EXPLANATION OF RESULTS

This information should be read in conjunction with the Jetset Travelworld Limited 2011 Annual Report and any public announcements made by the Company since that time.

The information provided in this report contains all the information required by ASX Listing Rule 4.2A.

OTHER INFORMATION

	December 2011 cents	June 2011 cents
Net Tangible Assets per ordinary share	0.96	2.01

Net Tangible Assets is calculated as Net Assets less total Intangible Assets.

Net Tangible Assets per ordinary share is based on JTL's issued capital as the legal parent entity and issuer of this financial information as at the balance sheet date.

DIRECTORS' REPORT

The Directors of Jetset Travelworld Limited present their Report on the consolidated entity consisting of Jetset Travelworld Limited and the entities it controlled (JTL) at the end of, or during the half year ended 31 December 2011.

DIRECTORS

The Directors of the Company in office at any time during or since the end of the half year ended 31 December 2011 are as follows:

Name	Period of Directorship
T S Dery *(Chairman)*	*Appointed 17 September 2008*
S Bennett	*Appointed 28 April 2011*
A Cummins	*Appointed 30 September 2010*
E Gaines	*Appointed 30 June 2011*
A John	*Appointed 26 May 2011*
B Johnson	*Appointed 27 February 2009*
P Lacaze	*Appointed 30 September 2010*
A MacKenzie	*Appointed 30 September 2010*
J Millar	*Appointed 30 September 2010*
P Spathis	*Appointed 30 June 2002*

REVIEW OF OPERATIONS

Profitability

JTL reported a profit after taxation of $11.2 million for the half year ended 31 December 2011 (2010: $1.3m).

Earnings per share

Basic Earnings per share for the six months ended 31 December 2011 was 2.55 cents per share (2010: 0.41 cents per share). Diluted Earnings per share for the six months was 2.54 cents per share (2010: 0.41 cents per share).

Revenue

Total revenue for the half year ended 31 December 2011 was $187.5 million.

Please refer to the Media Release and Investor Presentation on the ASX website for further analysis of the operating results of the Jetset Travelworld Group for the half year ended 31 December 2011.

Statutory result

The statutory result for the Group for the first half is detailed in the table below:

Summary Group results	For the 6 months ended 31 Dec 2011 $'000	For the 6 months ended 31 Dec 2010[1] $'000	% Change
TTV[2]	2,814,135	2,213,639	+27.1%
Revenue	187,495	151,887	+23.4%
Profit before tax	16,494	6,427	+156.6%
Profit after tax attributable to members	11,198	1,336	+738.2%

[1] As a result of the reverse acquisition of Jetset Travelworld Limited and its controlled entities (JTL) by Stella Travel Services Holdings Pty Limited and its controlled entities (STS), the results for the period from 1 July 2010 to 31 December 2010 represents the results of STS only for the period from 1 July 2010 to 30 September 2010 and the consolidated results for STS and JTL for the period from 1 October 2010 to 31 December 2010.

[2] Total Transaction Value (TTV) does not represent revenue in accordance with Australian Accounting Standards. TTV represents the price at which travel products and services have been sold across the Jetset Travelworld Group ("Group"), as agents for various airlines and other service providers, plus revenue from other sources. The Group's revenue is, therefore, derived from TTV. Total TTV does not represent Group cash inflows as some transactions are settled directly between the customer and the supplier. This information has not been subject to any review procedures by our auditor but has been extracted from Note 3 of the accompanying Interim Financial Report.

Shareholder returns

The company paid a dividend totalling 3.0 cents per share fully franked on Tuesday 4 October 2011. This dividend comprised an ordinary dividend of 2.0 cents per share and a special dividend of 1.0 cent per share.

The company will pay an ordinary dividend totalling 1.10 cents per ordinary share on Monday 2 April 2012 to shareholders entered on the share register at close of business Monday 19 March 2012.

Liquidity and funding

At 31 December 2011 the company had debt of $39.2 million and held cash totalling $177.9 million.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 6 and forms part of the Directors' Report for the half year ended 31 December 2011.

ROUNDING

The Jetset Travelworld Limited is of the kind referred to in Australian Securities Investment Commission (ASIC) Class Order 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006) and in accordance with the Class Order, amounts in the Financial Report and Directors' Report have been rounded to the nearest thousand dollars, unless otherwise stated.

Signed pursuant to a Resolution of the Directors:

T S DERY
Chairman

Sydney, 27 February 2012

Auditor's Independence Declaration

As lead auditor for the review of Jetset Travelworld Limited for the half year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

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

K. Stubbins

Kristin Stubbins
Partner
PricewaterhouseCoopers

Sydney
27 February 2012

CONSOLIDATED INCOME STATEMENT
for the half year ended 31 December 2011

	Note	December 2011 $'000	December 2010[1] $'000
Revenue		**187,495**	**151,887**
Expenditure			
Employee benefits expense		(83,924)	(64,119)
Advertising, selling and marketing expenses		(44,863)	(41,327)
Communication and technology expenses		(12,020)	(10,040)
Occupancy and rental expense		(7,167)	(6,517)
Operating expenses		(17,266)	(18,645)
Depreciation and amortisation		(3,908)	(2,902)
Share of net (losses)/profits of associates accounted for using the equity method		(1)	565
Operating result		**18,346**	**8,902**
Finance expense		(1,852)	(2,475)
Profit before income tax expense	2	**16,494**	**6,427**
Income tax expense	4	(5,085)	(4,961)
Profit after income tax expense		**11,409**	**1,466**
Less profit attributable to non-controlling interests		**(211)**	**(130)**
Profit attributable to owners of Jetset Travelworld Limited		**11,198**	**1,336**
Earnings per share (EPS) attributable to owners of Jetset Travelworld Limited:			
Basic earnings per share (cents)	8	2.55	0.41
Diluted earnings per share (cents)	8	2.54	0.41

[1] As a result of the reverse acquisition of JTL by STS, the comparative information for the six months to 31 December 2010 represents results of STS only for the period from 1 July 2010 to 30 September 2010 and the consolidated results for STS and JTL for the period from 1 October 2010 to 31 December 2010.

The Consolidated Income Statement should be read in conjunction with the accompanying notes set out on pages 12 to 22.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the half year ended 31 December 2011

	Note	December 2011 $'000	December 2010[1] $'000
Profit after income tax for the half year		**11,409**	**1,466**
Other comprehensive income/(loss)			
Change in fair value of cash flow hedges net of income tax		(72)	(1,160)
Exchange differences on translation of foreign operations net of income tax		269	(1,900)
Defined benefit plan actuarial loss	9	(3,272)	-
Deferred tax expense on defined benefit plan		693	-
Other comprehensive loss for the half year, net of income tax		**(2,382)**	**(3,060)**
Total comprehensive income/(loss) for the half year net of income tax		**9,027**	**(1,594)**
Total comprehensive income/(loss) for the half year is attributable to:			
Owners of Jetset Travelworld Limited		**8,816**	**(1,724)**
Non-controlling interests		**211**	**130**
		9,027	**(1,594)**

[1] As a result of the reverse acquisition of JTL by STS, the comparative information for the six months to 31 December 2010 represents results of STS only for the period from 1 July 2010 to 30 September 2010 and the consolidated results for STS and JTL for the period from 1 October 2010 to 31 December 2010.

The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes set out on pages 12 to 22.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2011

	Note	December 2011 $'000	June 2011 $'000
Current assets			
Cash and cash equivalents	5	177,901	221,520
Trade and other receivables		115,505	133,025
Inventories		259	346
Total current assets		**293,665**	**354,891**
Non-current assets			
Receivables		360	474
Investments accounted for using the equity method		1,680	1,703
Property, plant and equipment		28,045	19,463
Investment properties		421	421
Intangible assets		428,567	427,741
Deferred tax assets		7,506	8,284
Other non-current assets		103	108
Total non-current assets		**466,682**	**458,194**
Total assets		**760,347**	**813,085**
Current liabilities			
Trade and other payables		208,642	250,037
Borrowings	6	2,468	2,462
Provisions		14,698	15,777
Deferred revenue		54,469	70,212
Derivative financial instruments		1,453	1,907
Income tax payable		1,983	6,919
Total current liabilities		**283,713**	**347,314**
Non-current liabilities			
Borrowings	6	34,416	23,064
Employee benefits	9	2,232	-
Deferred tax liabilities		4,880	4,550
Provisions		2,048	1,177
Other non-current liabilities		291	422
Total non-current liabilities		**43,867**	**29,213**
Total liabilities		**327,580**	**376,527**
Net assets		**432,767**	**436,558**
Equity			
Contributed equity		278,822	278,822
Other reserves		155,084	154,532
(Accumulated losses)/retained earnings		(2,253)	2,301
Capital and reserves attributable to equity holders of Jetset Travelworld Limited		431,653	435,655
Non-controlling interests		1,114	903
Total equity		**432,767**	**436,558**

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes set out on pages 12 to 22.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the half year ended 31 December 2011

Consolidated $'000	Contributed Equity	Foreign Currency Translation Reserve	Hedging Reserve	Predecessor Accounting Reserve	Share Based Payments reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
Balance at 1 July 2011	278,822	(2,286)	(113)	156,400	531	2,301	435,655	903	436,558
Profit after income tax	-	-	-	-	-	11,198	11,198	211	11,409
Other Comprehensive income/(loss)	-	269	(72)	-	-	(2,579)	(2,382)	-	(2,382)
Total comprehensive income/(loss) for the period	-	269	(72)	-	-	8,619	8,816	211	9,027
Transactions with owners in their capacity as owners:									
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	(13,173)	(13,173)	-	(13,173)
Long term incentive plan – Share-based payments	-	-	-	-	355	-	355	-	355
Balance as at 31 December 2011	278,822	(2,017)	(185)	156,400	886	(2,253)	431,653	1,114	432,767
Balance at 1 July 2010[1]	90,008	156	213	153,028	-	(16,865)	226,540	311	226,851
Profit after income tax	-	-	-	-	-	1,336	1,336	130	1,466
Other Comprehensive income/(loss)	-	(1,900)	(1,160)	-	-	-	(3,060)	-	(3,060)
Total comprehensive income/(loss) for the period	-	(1,900)	(1,160)	-	-	1,336	(1,724)	130	(1,594)
Transactions with owners in their capacity as owners:									
Equity issued on merger	188,814	-	-	-	-	-	188,814	-	188,814
Transactions with non-controlling interests	-	-	-	-	-	-	-	515	515
Transactions under common control	-	-	-	3,372	-	-	3,372	-	3,372
Balance as at 31 December 2010[1]	278,822	(1,744)	(947)	156,400	-	(15,529)	417,002	956	417,958

[1] As a result of the reverse acquisition of JTL by STS, the comparative information for the six months to 31 December 2010 represents results of STS only for the period from 1 July 2010 to 30 September 2010 and the consolidated results for STS and JTL for the period from 1 October 2010 to 31 December 2010.

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes set out on pages 12 to 22.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the half year ended 31 December 2011

	December 2011 $'000	December 2010 $'000[1]
Cash flows from operating activities		
Receipts from course of operations (inclusive of GST)	3,058,969	2,253,921
Payments to suppliers and employees (inclusive of GST)	(3,080,408)	(2,248,954)
Interest received	4,518	2,949
Interest paid	(1,437)	(2,368)
Income taxes paid	(8,884)	(6,429)
Net cash inflow/(outflow) from operating activities	**(27,242)**	**(881)**
Cash flows from investing activities		
Cash acquired on acquisition of business	-	101,674
Payments for property, plant and equipment	(12,097)	(4,869)
Payments for intangibles	(2,453)	(428)
Proceeds from disposal of property, plant and equipment	287	-
Dividends received from associates	-	397
Net cash inflow/(outflow) from investing activities	**(14,263)**	**96,774**
Cash flows from financing activities		
Proceeds from borrowings	11,708	50,626
Repayment of borrowings (net)	(605)	(56,636)
Dividends paid to company shareholders	(13,173)	-
Net cash inflow/(outflow) from financing activities	**(2,070)**	**(6,010)**
Net (decrease)/increase in cash and cash equivalents held	**(43,575)**	**89,883**
Cash and cash equivalents at the beginning of the half year	221,520	86,850
Effects of exchange rate changes on cash and cash equivalents	(44)	(841)
Cash and cash equivalents at the end of the half year	**177,901**	**175,892**

[1] As a result of the reverse acquisition of JTL by STS, the statement of cash flows for the six months to 31 December 2010 represents results of STS only for the period from 1 July 2010 to 30 September 2010 and the consolidated results for STS and JTL for the period from 1 October 2010 to 31 December 2010.

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes set out on pages 12 to 22.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the half year ended 31 December 2011

Note 1. Statement of significant accounting policies

(a) Basis of preparation

Jetset Travelworld Limited ("JTL" or "the Company") is a company limited by shares incorporated and domiciled in Australia whose shares are publically traded on the ASX. The Consolidated Interim Financial Report (Financial Report) of the Group as at and for the six months ended 31 December 2011 comprises Stella Travel Services Holdings Pty Limited (STSH), as the accounting parent, and its subsidiaries (together referred to as "JTL", the "Group" or the "Consolidated Entity").

This general purpose interim Financial Report for the half year reporting period ended 31 December 2011 is presented in Australian dollars and has been prepared in accordance with *AASB 134: Interim Financial Reporting* and the Corporations Act 2001. The interim Financial Report does not include all of the information required for full annual financial reports. Accordingly, this report should be read in conjunction with the consolidated financial statements of JTL as at and for the year ended 30 June 2011 and any public announcements made by the Company since that time.

Jetset Travelworld Limited is of the kind referred to in Australian Securities Investment Commission (ASIC) Class Order 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006) and in accordance with the Class Order, amounts in this interim Financial Report and Directors' Report have been rounded to the nearest thousand dollars, unless otherwise stated.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period with the exception documented in Note 1(b) below.

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

This Financial Report was approved by the Board of Directors on 27 February 2012.

(b) Employee Benefits

Defined benefit superannuation plan

As part of the merger arrangements, the Group entered into a Superannuation Deed with Qantas Airways Limited setting out the arrangements which would apply (post-merger) to employees of the Group that are also members of the Qantas Superannuation Plan (divisions of which are in the nature of Defined Benefit Plan). Under the deed, JTL assumed responsibility for the plan assets and plan liabilities for these members in a new Defined Benefit Plan controlled and managed by JTL. The plan assets and liabilities were transferred to JTL on 25 July 2011. On transfer to JTL, the plan was fair valued using JTL specific assumptions which resulted in the plan having a net asset position of $1.0m. This has been recorded as an adjustment against goodwill as part of the final acquisition accounting for the merger transaction. Following initial recognition, the Group has applied AASB 119 *Employee Benefits* to account for movements in plan assets and liabilities with subsequent actuarial gains and losses recognised directly in equity in accordance with AASB 119.

The Group's net obligation with respect to defined benefit superannuation plans is calculated based on an estimate of the future benefit that employees have earned in return for their service in the current and prior periods, which is discounted to determine its present value and the fair value of any plan assets is deducted.

The discount rate used is the yield at balance date on government bonds that have maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

Past service costs are recognised immediately in profit or loss, unless the changes to the superannuation fund are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Note 2. Profit before related income tax expense

Included in profit before related income tax expense are the following items, including items which are considered unusual because of their size, nature or incidence:

	December 2011 $'000	December 2010 $'000
Depreciation	3,007	2,446
Amortisation	901	456
Impairment losses on trade receivables	113	590
Net foreign exchange gains	(1,407)	(224)
Defined contribution superannuation expense	4,807	3,474
Defined benefit superannuation expense	206	-
Merger, transaction and redundancy costs	2,240	5,164
Legal costs relating to GST matter	195	803
Net loss/(gain) on disposal of plant and equipment	7	(105)
Finance income and expense		
Finance income recognised in revenue	4,518	2,948
Finance expenses	(1,852)	(2,475)
	2,666	473

Note 3. Segment reporting

a) Description of segments

The Group has identified the following three operating segments based on the internal reports that are reviewed and used by the Board, CEO and CFO in assessing performance:

- Retail
- Wholesale
- Travel Management

The operations of Retail primarily comprise acting as a franchisor of retail travel agency networks including Harvey World Travel, Travelscene American Express, Jetset and Travelworld. The primary purpose of Wholesale is to procure air, sea and land product for packaging and sale through retail travel agency networks. Travel Management provides travel management services to corporate and government customers including the booking of flights and accommodation.

Corporate charges are only allocated to operating segments to the extent that they are considered part of the core operations of any segments.

The Board, CEO and CFO assess the performance of the operating segments based on a measure of adjusted EBITDAI. This measurement basis excludes the effects of non-recurring income and expenditure from the operating segments such as fair value gains on investments, restructuring and merger costs, legal fees, merger or acquisition-related transaction costs and goodwill impairments when the impairment is the result of an isolated, non-recurring event. Furthermore, the measure excludes the effects of any equity-settled share-based payments. Interest income on client funds is included within segment revenue and adjusted EBITDAI according to Group accounting policy.

TTV

Total Transaction Value (TTV) does not represent revenue in accordance with Australian Accounting Standards. TTV represents the price at which travel products and services have been sold across the Group's various operations, as agents for various airlines and other service providers, plus revenue from other sources. The Group’s revenue is, therefore, derived from TTV. Total TTV does not represent the Group’s cash inflows as some transactions are settled directly between the customer and the supplier.

(b) Segment information provided to the Board, CEO and CFO.

Analysis by business segment	**Retail**	**Wholesale**	**Travel manage-ment**	**Corporate / Unallocated**	**Consol-idated**
	$’000	**$’000**	**$’000**	**$’000**	**$’000**
Period ended 31 December 2011					
TTV	**1,998,917**	**439,494**	**375,724**	**-**	**2,814,135**
Total segment revenue	101,756	58,074	24,741	2,924	187,495
Operating expenses	(68,425)	(52,334)	(25,473)	(16,191)	(162,423)
Adjusted EBITDAI	**33,331**	**5,740**	**(732)**	**(13,267)**	**25,072**
Period ended 31 December 2010[1]					
TTV	**1,696,922**	**283,531**	**233,186**	**-**	**2,213,639**
Total segment revenue	87,774	43,628	16,754	3,731	151,887
Operating expenses	(65,379)	(38,494)	(16,382)	(13,861)	(134,116)
Adjusted EBITDAI	**22,395**	**5,134**	**372**	**(10,130)**	**17,771**

[1] As a result of the reverse acquisition of JTL by STS, the analysis by business segment for the year ended 31 December 2010 represents the STS only for the period from 1 July 2010 to 30 September 2010 and the consolidated segment results for STS and JTL for the period from 1 October 2010 to 31 December 2010.

(c) Other segment information

(i) Segment revenue

The parent entity is domiciled in Australia. The amount of its revenue from external customers in Australia is $153,509,053 (2010: $118,838,558), and the total revenue from external customers in other countries is $33,985,908 (2010: $33,048,471). Segment revenues are allocated based on the country in which the customer is located.

(ii) Adjusted EBITDAI

A reconciliation of adjusted EBITDAI to profit before income tax is provided as follows:

	December 2011 $'000	December 2010[1] $'000
Adjusted EBITDAI	25,072	17,771
Merger, transaction and redundancy costs	(2,240)	(5,164)
Legal costs relating to GST matter	(195)	(803)
EBITDAI	**22,637**	**11,804**
Depreciation	(3,007)	(2,446)
Amortisation	(901)	(456)
Share-based payments	(383)	-
Finance costs	(1,852)	(2,475)
Profit/(loss) before income tax	**16,494**	**6,427**

[1] As result of the reverse acquisition of JTL by STS, the analysis by business segment for the period ended 31 December 2010 represents the STS only for the period from 1 July 2010 to 30 September 2010 and the consolidated segment results for STS and JTL for the period from 1 October 2010 to 31 December 2010.

Note 4. Income tax expense

	December 2011 $'000	December 2010 $'000
Profit before related income tax expense	16,494	6,427
Prima facie income tax expense/(benefit) @ 30% (2010:30%)	4,948	1,928
Add/(deduct):		
Non-deductible (taxable) items:		
Share-based payments	115	-
Amortisation	30	84
Entertainment	206	195
Other	176	140
	5,475	2,347
Differences in overseas tax rates	(11)	(17)
Exchange rate differences	137	239
De-recognition of deferred tax balances as a result of the Merger	-	(948)
Prior year losses (recognised)/de-recognised	(371)	3,575
Over provision in prior years	(145)	(235)
Income tax expense reported in the income statement	5,085	4,961

Note 5. Cash and cash equivalents

	December 2011 $'000	June 2011 $'000
Cash at bank and on hand	14,003	36,584
Client cash	163,898	184,936
	177,901	221,520

Note 6. Interest bearing liabilities

	December 2011 $'000	June 2011 $'000
Current		
Secured bank loan	979	980
Other secured financing[1]	383	376
Unsecured financing	1,106	1,106
	2,468	2,462
Non- current		
Secured bank loan	35,215	23,720
Unsecured financing	1,474	2,027
	36,689	25,747
Less: deferred borrowing costs	(2,273)	(2,683)
Net Interest Bearing Liabilities	34,416	23,064

[1] Other secured financing is secured against motor vehicle purchases included as part of property, plant and equipment.

Note 7. Dividends

The company paid a dividend totalling 3.0 cents per share fully franked on Tuesday 4 October 2011. This dividend comprised an ordinary dividend of 2.0 cents per share and a special dividend of 1.0 cent per share.

The company will pay an ordinary dividend totalling 1.10 cents per ordinary share on Monday 2 April 2012 to shareholders entered on the share register at close of business Monday 19 March 2012.

	December 2011 $'000	December 2010 $'000
(a) Final dividend for the year ended 30 June 2011		
(i) Current year final dividend		
Fully franked dividend (2.0 cents per share paid 4 October 2011)	8,782	-
(ii) Current year special dividend		
Fully franked dividend (1.0 cent per share paid 4 October 2011)	4,391	-
	13,173	-
(a) Interim dividend for the period to 31 December 2011		
Fully franked dividend (1.1 cents per share to be paid 2 April 2012)	4,830	-
	4,830	-

The tax rate at which dividends will be franked is 30%. The level of franking is expected to be 100%.

The ability to utilise the franking credits is dependent upon the company meeting solvency based tests for payment of dividends set out in the Corporations Amendments Bill 2010. In accordance with tax consolidation legislation, the Company, as head entity in the tax consolidated group, has assumed the benefit of franking credits of all entities.

Note 8. Earnings per share (EPS)

	December 2011 Cents	December 2010 Cents
(a) Basic earnings per share		
Total earnings per share from continuing operations attributable to ordinary equity holders of the company	2.55	0.41
(b) Diluted earnings per share		
Total diluted earnings per share from continuing operations attributable to ordinary equity holders of the company	2.54	0.41

	December 2011 $'000	December 2010 $'000
(c) Reconciliations of earnings used in calculating earnings per share		
Net profit for the half year from continuing operations attributable to the ordinary equity holders of the company	11,198	1,336
Basic and diluted earnings	11,198	1,336

	December 2011	December 2010
(d) Weighted average number of shares used as the denominator		
Weighted average number of shares[1] used as the denominator in calculating basic earnings per share	439,105,954	329,929,336
Adjustments for calculation of diluted earnings per share:		
- Weighted average number of potential ordinary shares issued as part of the Group's Long Term Incentive Plan	1,937,979	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	441,043,933	329,929,336

[1] In accordance with guidance provided in AASB 3 *Business Combinations*, the weighted average number of shares outstanding has been calculated as follows:

- for the 6 months to 31 December 2011 the weighted average of the ordinary shares issued by JTL.
- for the period from 1 July 2010 to 30 September 2010, the weighted average number of ordinary shares issued by JTL, and for the period 1 October 2010 to 31 December 2010, the weighted average number of ordinary shares issued by the merged entity, being 439,105,954 ordinary shares.

The Company has a weighted average number of potential ordinary shares of 1,937,979 which would be considered dilutive and accordingly, diluted EPS is less than EPS.

Note 9. Employee Benefits

As part of the merger arrangements, the Group entered into a Superannuation Deed with Qantas Airways Limited setting out the arrangements which would apply (post-merger) to employees of the Group that are also members of the Qantas Superannuation Plan (divisions of which are in the nature of Defined Benefit Plan). Under the deed, JTL assumed responsibility for the plan assets and plan liabilities for these members in a new Defined Benefit Plan controlled and managed by JTL. This plan is closed to new members.

The plan assets and liabilities were transferred to JTL on 25 July 2011. On transfer to JTL the plan was fair valued using JTL specific assumptions which resulted in the plan having a net asset position of $1.0m. This has been recorded as an adjustment against goodwill as part of the final acquisition accounting for the merger transaction.

	December 2011 $'000	June 2011 $'000
Changes in the present value of defined benefit obligation		
Opening defined benefit obligation (25 July 2011)	10,796	-
Current service cost	350	-
Past service cost	-	-
Interest cost	195	-
Contributions by plan participants	102	
Actuarial (gains)/losses	2,494	-
Benefits paid	(122)	-
Closing defined benefit obligation	13,815	**-**
Changes in the fair value of plan assets		
Opening fair value of plan assets (25 July 2011)	11,757	-
Expected return	339	-
Actuarial (losses)/gains	(778)	-
Contributions by employer	285	-
Contributions by plan participants	102	-
Benefits paid	(122)	-
Closing fair value of plan assets	11,583	**-**
Expense recognised in the consolidated income statement		
Current service cost	406	-
Past service cost	-	-
Interest cost	195	-
Contributions by plan participants	(105)	-
Expected return on plan assets	(339)	-
Actuarial losses/(gains)	-	-
Increase in allowance for contributions tax on net liability	(12)	-
Expenses	61	-
Total included in employee benefits expense	206	**-**
Actual return gain on plan assets	(439)	**-**
Funded Status (end of period)	(2,232)	**-**
Total amount recognised in balance sheet (end of period)	(2,232)	**-**
Total amount recognised in the balance sheet at beginning of period	961	**-**
Amount recognised in the statement of comprehensive income	(3,272)	-
Total expense	(206)	-
Employer contributions	285	-
Total amount recognised in the balance sheet at end of period	(2,232)	**-**

	December 2011 %	June 2011 %
Group plan assets comprise:		
Australian equities	32.6	-
International equities	20.7	-
Property	11.2	-
Fixed interest, cash and indexed bonds	10.7	-
Alternative assets	18.8	-
Cash	6.0	-
	100.0	-

	December 2011 $'000	June 2011 $'000
Reconciliation to consolidated balance sheet		
Fair value of plan assets	11,583	-
Present value of defined benefit obligation	(13,815)	-
(Deficit)/surplus	(2,232)	**-**
Less: unrecognised actuarial losses	-	-
Recognised liability in the consolidated balance sheet	(2,232)	**-**
Experience adjustments (loss)/gain on plan assets	(386)	-
Experience adjustments gain/(loss) on plan liabilities	(777)	-

	December 2011 % pa	June 2011 % pa
Principal actuarial assumptions (expressed as weighted averages per annum)		
Discount rate (net of tax)	3.00	-
Expected return on plan assets (after tax)[1]	7.00	-
Expected rate of salary increases	3.25	-

[1] Net of investment management expenses

The Group makes contributions to the plan which provides defined benefit amounts for employees upon retirement. Under the plan, employees are entitled to retirement benefits determined, at least in part, by reference to a formula based on years of membership and salary levels.

The expected long-term rate of return is based on the weighted average of expected returns on each individual asset class where the weightings reflect the proportion of defined benefit assets invested in each asset class. Each asset class' expected return is based on expectations of average returns over the next 10 years.

Actuarial gains and losses recognised in the statement of comprehensive income arise as a result in changes in the discount rate applied to calculate the net present value of employees' benefits (due to changes in government bond rates during the prevailing period) as well as fair value adjustments made to the value of plan assets.

Employer contributions to the defined benefit superannuation plans are based on recommendations by the plan's actuaries. It is estimated that $332,000 will be paid by the Group for employees accruing defined benefits in the following six months to 30 June 2012 (2011: nil).

Note 10. Business acquisitions

Merger of STSH with JTL

On 6 September 2010, the merger of STS with JTL was approved by shareholders of Jetset Travelworld Limited at an Extraordinary General Meeting with the merger taking effect on 30 September 2010. Following the issue of new shares to the shareholders of STS, JTL now has 439,105,954 shares on issue.

Accordingly under the terms of the merger JTL became the legal parent company of STS and the Company ceased being a controlled entity of Qantas Airways Limited.

Accounting and Disclosure implications of the merger

Under accounting standards, the merger of JTL and STS is accounted for as a business combination.

Accounting standards require that where two or more entities combine through an exchange of equity for the purposes of a business combination, one of the entities must be deemed to be the acquirer. Given Board and management composition and other factors, STS was determined to be the acquirer for accounting purposes. The implication of this reverse acquisition of JTL by STS are:

(i) Although the financial statements are issued under JTL (the legal parent company), STS is deemed to be the parent company for accounting purposes;

(ii) The December 2010 half year financial information represents the results of STS only for the period from 1 July 2010 to 30 September 2010 and the consolidated results of STS and JTL for the period from 1 October 2010 to 31 December 2010;

(iii) Under accounting guidance the consideration that STS is deemed to have paid for JTL is the market value of JTL's equity at the date of the merger, which was $188.8 million. This consideration has been allocated to the fair value of JTL's intangible and tangible assets, liabilities and contingent liabilities.

Summary of acquisition

Details of the net assets of JTL acquired by STSH are as follows:

	Final fair value $'000
Equity consideration	188,814
Fair value of identifiable assets acquired	142,757
Goodwill	46,057

Revenue and profit contribution

The merger of JTL and STS occurred on 30 September 2010. For accounting purposes, STS was deemed to be the accounting acquirer and hence the consolidated statutory results are presented in these financial statements such that the 31 December 2010 results contain STS for 6 months of trading and JTL for 3 months of trading.

The following summary presents the current period results of the Group as if the merger of JTL and STS had occurred on 1 July 2010 with 6 months of trading for each business. The impact of other acquisitions on the amounts disclosed below is not material.

Summary Group Results	**December 2010 $'000**
Total transaction value	2,844,238
Revenue	193,461
Earnings before interest, taxation, depreciation, amortisation and impairment (EBITDAI) calculated before subtracting the items of expense detailed below	**23,343**
Items of expense included in profit before taxation:	
Merger and transaction costs associated with the business combination	(15,601)
Depreciation	(2,847)
Amortisation	(296)
Finance costs	(2,504)
Profit before taxation	**2,095**

Finalisation of acquisition accounting

Under accounting standards, the Group has 12 months from the date of acquisition in which to complete its assessment of the fair value of assets and liabilities acquired as part of the merger transaction. The Group has adjusted its initial acquisition accounting estimates as a result of the transfer of the Defined Benefit Plan and finalisation of opening tax adjustments in the period 1 July 2011 to 30 September 2011, these adjustments have decreased the carrying value of Goodwill by $496,000 to $46,057,000 at 30 September 2011.

Note 11. Contingent liabilities and contingent assets

There are no significant contingent liabilities.

An entity within the tax consolidated group has lodged a claim in the Federal Court against the Australian Taxation Office in relation to a GST matter. No significant progress has occurred in relation to this matter which would enable the Group to properly assess the likely outcome of the Group's claim or quantify any potential financial benefit to the Group. Legal expenses in relation to this matter have been expensed as incurred.

Note 12. Post balance date events

With the exception of the item disclosed below, there has not arisen in the interval between 31 December 2011 and the date of this report, any event that would have had a material effect on the financial statements for the period ended 31 December 2011.

Interim dividend

The Company will pay an ordinary dividend totalling 1.1 cents per share fully franked on Monday 2 April 2012 to shareholders entered on the share register at close of business on Monday 19 March 2012.

DIRECTORS' DECLARATION

In the opinion of the Directors of Jetset Travelworld Limited:

(a) the financial statements and notes set out on pages 7 to 22, are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the financial position of the Jetset Travelworld Limited Group as at 31 December 2011 and of its performance, as represented by the results of its operations and cash flows for the half year ended on that date; and

   (ii) complying with Australian Accounting Standards and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that Jetset Travelworld Limited and its controlled entities will be able to pay its debts as and when they become due and payable.

Signed pursuant to a Resolution of the Directors:

Tom Dery
Chairman
Jetset Travelworld Limited
Sydney, 27 February 2012

Independent auditor's review report to the members of Jetset Travelworld Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Jetset Travelworld Limited, which comprises the balance sheet as at 31 December 2011, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Jetset Travelworld Limited Group (the consolidated entity). The consolidated entity comprises both Jetset Travelworld Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of 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 consolidated entity's financial position as at 31 December 2011 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 Jetset Travelworld 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.*

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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 Jetset Travelworld 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 2011 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

PricewaterhouseCoopers

PricewaterhouseCoopers

K. Stubbins

Kristin Stubbins
Partner

Sydney
27 February 2012