

FLIGHTCENTRE ANNUAL REPORT LIMITED 200708



OUR VISION

TO BE THE WORLD'S
MOST EXCITING TRAVEL
COMPANY, DELIVERING AN
AMAZING EXPERIENCE TO
OUR PEOPLE, CUSTOMERS
AND PARTNERS



FLIGHT CENTRE LIMITED (FLT)

ABN 25 003 377 188

CONCISE ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2008

CONTENTS

4	RESULTS IN BRIEF
5	CHAIRMAN'S WELCOME
6	STRATEGIC UPDATE
7	YEAR IN REVIEW
8	INTERNATIONAL REVIEW
10	OPERATIONAL REVIEW
12	2008/09 OUTLOOK
13	FLAGSHIP BRANDS
14	LEISURE BRANDS
16	SPECIALIST BRANDS
17	CORPORATE BRANDS
18	WHOLESALE BRANDS
19	JOINT VENTURES
20	CORPORATE GOVERNANCE
23	DIRECTORS' REPORT
25	DIRECTORS' REPORT - REMUNERATION REPORT
33	INCOME STATEMENT
34	BALANCE SHEET
35	STATEMENT OF CHANGES IN EQUITY
36	CASH FLOW STATEMENT
37	NOTES TO THE FINANCIAL STATEMENTS
41	DIRECTORS' DECLARATION
42	INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF FLIGHT CENTRE LIMITED
43	COMPANY PHILOSOPHIES

KEY DATES

August 26, 2008	Full year results announced
September 18, 2008	2007/08 final dividend record date
October 10, 2008	2007/08 final dividend payment date
November 3, 2008	Annual general meeting
February 26, 2009	Half year results announced
March 6, 2009	Interim dividend record date
March 27, 2009	Interim dividend payment date

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RELATIONSHIP OF THE CONCISE FINANCIAL REPORT TO THE FULL FINANCIAL REPORT

The concise financial report is an extract from the full financial report for the year ended 30 June 2008. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report. The financial report is presented in Australian currency.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Flight Centre Limited and its subsidiaries as the full financial report. Further information can be obtained from the full financial report.

The full financial report and auditor's report will be sent to members on request, free of charge. Alternatively, you can access both the full financial report and the concise report via: <http://www.flightcentre.com.au>

RESULTS IN BRIEF

	FULL YEAR ACTUAL		
	2008	2007 (EX ABNORMAL*)	% VARIANCE
RESULTS IN BRIEF			
TTV			
TOTAL	\$10.9b	\$8.9b	22.6%
TOTAL – ex Liberty	\$10.0b	\$8.9b	13.2%
REVENUE			
TOTAL	\$1.5b	\$1.2b	26.0%
TOTAL – ex Liberty^	\$1.4b	\$1.2b	18.4%
EBITDA	\$244.4m	\$175.0m	39.7%
EBIT	\$200.3m	\$138.8m	44.3%
Profit before Tax	\$212.9m	\$151.6m	40.4%
Profit after Tax	\$143.2m	\$103.5m	38.3%
DIVIDENDS			
Interim (Paid Mar 08)	37.5 c	20.0 c	87.5%
Final (to be paid Oct 08)	48.5 c	46.0 c	5.4%

* Abnormal relates to FLT's \$22.4m pre tax gain on the sale of its Brisbane head office during 2006/07

^ Liberty was acquired on 31 January 2008

2008 RESULT DRIVERS

TTV GROWTH	✓	Global expansion – organic growth, acquisitions & joint ventures
GROSS MARGIN	✓	Land & higher margin air sales, access to wholesale margin
ONLINE & IT PLATFORM	✓	Various projects completed & in roll out
PEOPLE	✓	"Unbeatable Careers", training & development, greater flexibility for parents
COSTS	✓	Support costs contained and remains ongoing focus
CUSTOMER EXPERIENCE	✓	Improved shop environment, product offerings, consultant knowledge

FLT'S X-TEAM



ANTHONY GRIGSON,
EGM CORPORATE



COLIN BOWMAN,
MARKETING



SUE GARRETT,
SOUTHERN
HEMISPHERE



ALLISA POLLOK,
AIR AND IT



ANDREW FLANNERY,
ACTING CFO



MICHAEL MURPHY,
PEOPLEWORKS



MELANIE WATERS-
RYAN, LAND

CHAIRMAN'S WELCOME



BY PETER MORAHAN, FLT CHAIRMAN

WELCOME to Flight Centre Limited's annual report for the 2007/08 fiscal year.

The 12 months to June 30 2008 was another record-breaking period for FLT with the company performing strongly in its established markets and making significant progress in its new and emerging operations.

Highlights during the year included:

- Record sales and profit results: Total transaction value exceeded \$10billion, revenue topped \$1.5billion and pretax profit surpassed \$200m for the first time
- Margin improvement: Income margin (revenue as a percentage of TTV) increased from 12.98% at June 30 2007 to 13.36% at June 30 2008
- Enhanced shareholder returns: Excluding the abnormal gain recorded during 2006/07, basic earnings per share increased 33.8% to \$1.47 while dividend payments increased to \$0.375 (interim) and \$0.485 (final)
- Building for the future: The company increased its investment in shops, IT, people and customer initiatives to develop a stronger platform for further growth; and
- Growth and diversity: FLT completed its largest year of brand and geographic expansion, its largest acquisition and formed strategic joint ventures in recruitment, cycling and adventure travel

With the company's ongoing growth, FLT is rapidly developing scale internationally and is poised to pass a number of business milestones in the near future.

The company's 2000th shop and business globally will open early in 2008/09, as will the 1000th Australian shop and business. The fact that half of FLT's shops are now located outside of Australia reflects the company's increasing geographic diversity and is a key future asset.

Brand diversity is another strength.

FLT's ongoing growth in wholesale and corporate travel, coupled with its established position as a leisure travel leader, means the company is now rapidly becoming a major global player in three travel sectors.

Further growth is, of course, very much at the forefront of our thinking and key strategies are in place to build on the foundations that were established during 2007/08.

Our highly experienced senior executive team, headed by acting CEO Shannon O'Brien, will play a key role in executing these strategies, along with the executive general managers who run our businesses in Australia and overseas.

In conclusion, I would like to thank FLT's 13,000 people throughout the world for their contribution to the company's successes in 2007/08.

Without question, people are FLT's greatest asset.

FLT'S NON-EXECUTIVE DIRECTORS, LEFT TO RIGHT: GARY SMITH, PETER BARROW, PETER MORAHAN



STRATEGIC UPDATE 200708

STRATEGY

1. DEVELOP AND DEPLOY A VOLUME SALES GROWTH SYSTEM TO DELIVER LEISURE, CORPORATE AND WHOLESALE EXPANSION IN ALL GEOGRAPHIES

PROGRESS UPDATE

- Growth: 9.4% business growth and 7.6% selling staff growth (excluding Liberty) delivered 13% TTV growth
- Acquisitions and joint ventures: Liberty, Intrepid (retail adventure travel), Employment Office Australia (recruitment), Cycling

Brand expansion – leisure:

- Opened in new country (India) for first time since 1999
- Travel Associates launched in South Africa
- Nationwide expansion plan for Cruiseabout

Brand expansion – corporate:

- New business opened in Dubai
- Stage & Screen launched in North America
- FCm Travel Solutions opened in key United States locations including Boston, Dallas, Seattle and Phoenix
- CiEvents opened in China and the UK

Brand expansion – wholesale:

- Emergence as one of the world's largest travel wholesalers through organic growth in Infinity and integration of recent acquisitions GoGo (Liberty) and Explore (Travel Spirit Group)
- Development and rollout of Global Product Powerhouse (GPPH), a wholesale product consolidation area to oversee product procurement, supplier relationships and technology

2. IDENTIFY, DEVELOP AND DEPLOY INNOVATIVE PREFERRED AND ALTERNATIVE SOURCES OF REVENUE TO DELIVER MARGIN IMPROVEMENT IN ALL AREAS

- Solid growth and earnings in higher margin land sales and over-rides
- Greater access to wholesale margins through growth in inhouse wholesaling
- Increased focus on premium airfares – business and first class flights, round-the-world
- New revenue streams – joint ventures agreed in growth sectors

3. INCREMENTALLY DEVELOP AND DEPLOY PROCESSES AIDED BY TECHNOLOGY SOLUTIONS THAT IMPROVE PRODUCTIVITY

- Various projects completed and in early rollout stages, including fares database and wholesale booking platform
- Large increase in web traffic generated globally – flightcentre.com.au again judged Australia's number one travel agency site by visits (source: Hitwise)
- Expanded product and information range on current sites
- New sites built – Liberty and India retail – and niche sites developed – business and first class sites in the UK, Cruiseabout in Australia

4. ATTRACT AND RETAIN STAFF BY MAKING FLT THE BEST PLACE TO WORK IN ALL GEOGRAPHIES THROUGH LEADERSHIP, PHILOSOPHIES, CULTURE, TRAINING AND BRIGHTNESS OF FUTURE

- New careers websites launched in the UK and Australia and to be released elsewhere during 2008/09. Significant increase in application and placement numbers
- Dedicated consultants now working in FLT's Recruitment Centres to promote opportunities and help staff relocate to new business areas and new countries
- Talent management system developed for area leaders, national leaders and executive general managers. Global talent pool of future senior executives identified. Future leaders assessed and placed into 12-month development programs
- Expanded in-store team training program introduced. Team-based marketing and sales training programs to be added
- Flexibility: New opportunities for parents
- Increased educational opportunities for selling staff with Student Flights employees to receive additional two weeks paid educational leave during 2008/09 to improve specialist knowledge of long haul, adventure and guided tour products

5. DEVELOP A SYSTEM TO REDUCE COSTS ACROSS ALL BUSINESSES

- Cost control: Revenue growth exceeded overall expense increases
- More efficient use of premises to offset shop rental increases. Incorporation of ATMs, Flight Centre Travel Money outlets and specialised travel businesses in shop design
- Continued focus on reducing overheads and support structures
- Cost-of-seat business model provides individual accountability

6. DESIGN AN INNOVATIVE AND IMPROVED CUSTOMER SYSTEM

- Retail shop upgrade (shop of the future and refresh) set to be completed in established businesses by December 2008. Upgrade program initiated in Liberty
- Expansion in specialist brands to meet customer needs
- Increased product, service and destination experience, through additional product awareness sessions for new staff and development of specialist consultant training

YEAR IN REVIEW



BY GRAHAM TURNER, MANAGING DIRECTOR

FLIGHT Centre Limited continued its corporate evolution during 2007/08, with the company developing a stronger and more comprehensive global footprint in leisure, corporate and wholesale travel.

With the Liberty acquisition and the company's ongoing organic growth, more than half FLT's shops are now located overseas. Corporate and wholesale businesses are also playing an increasingly important role, while representing an obvious future growth opportunity globally.

In Australia, FLT performed strongly in leisure, corporate and wholesale travel. With its ongoing growth, the company is on track to open its 1000th business early in 2008/09.

The New Zealand and South African businesses recorded further profit growth, while continuing to expand organically and through the launch of new brands. Improving performance in New Zealand remains an ongoing priority.

In the United Kingdom, FLT recorded strong leisure travel results and improved corporate travel performance, following full integration of FLT's organic corporate business with Britannic. Further growth is expected as FLT continues to develop scale in this large market.

FLT's corporate travel business in India again performed strongly, while the Dubai corporate business, which was launched during the year, recorded promising early results.

In Greater China, the company continued to move towards its targeted breakeven position, while increasing TTV and expanding its customer offering through the launch of CiEvents and FCm Executive Leisure to complement the core FCm brand.

FLT's Canadian businesses improved significantly with strong profit increases from FCm Travel Solutions and reduced leisure travel losses. Within the leisure business, the company widened its brand appeal by targeting higher-end market niches. This has seen FLT upgrade its shops and integrate its on and offline sales strategies to stimulate premium sales growth.

In the United States, the company achieved a small corporate travel profit, while significantly expanding the FCm Travel Solutions business in new locations. The company also reduced losses in its organically grown US leisure travel businesses, which are now being rebranded under the Liberty banner.

As announced previously, comprehensive integration and restructuring projects are underway within Liberty to restructure and reinvigorate the business, following FLT's acquisition on January 31 2008. Initiatives are expected to gain momentum during 2008/09 as FLT seeks to modernise and refresh the 57-year-old family-run business in the short-term and to improve longer term performance.

At the start of 2007/08, the company outlined its strategic objectives for the year. Broadly speaking, these objectives related to growth, margins, online and IT platform enhancement, people, cost reduction and improving the customer experience.

Pleasingly, FLT made significant progress in all areas.

Growth was a key profit driver. FLT completed its largest year of expansion by opening new shops and businesses, exporting its travel brands to new geographies and completing a series of acquisitions and joint ventures.

To achieve further growth, a four-pronged strategy has been initiated.

To improve margins, FLT expanded its business and sales force, increased land, premium air and wholesale product sales and recorded an improved sales performance to key land, air and insurance contracts globally.

To enhance the company's online and IT platform, various projects were completed or significantly advanced. These included website upgrades and the development of FLT's next generation fares database, consultant desktop and global wholesale product platform.

As part of its ongoing focus on attracting and retaining the right people, FLT initiated new programs to improve talent management and identification, in-store training, workplace flexibility and mobility within its workforce.

FLT had reasonable success in containing costs in its support areas. This remains an ongoing focus in all businesses.

To improve its customer offering, FLT expanded its product range, continued to improve its shop environment and introduced a more comprehensive range of specialised training modules for its consultants.

A summary of the company's achievements has been included on page 6.

FLT'S FOUR-PRONGED GROWTH STRATEGY

1. Expand FLT's retail and corporate mainstream travel businesses
2. Develop FLT's wholesale travel presence to give the company greater vertical control and margin
3. Boost FLT's presence in travel related businesses where its proven business model can be successfully applied; and
4. Grow FLT's presence in a small number of carefully selected non-travel businesses, where the company has clearly identified opportunities to successfully and seamlessly integrate its unique retail and wholesale business model

INTERNATIONAL REVIEW



AUSTRALIA

Executive general manager

Sue Garrett

TTV

\$6.4b up 16.8%

Businesses

963

Performance review

- Strong leisure & corporate results
- Ongoing business growth
- Further opportunities – corporate travel & niche leisure
- Australian dollar, near full employment and cheap airfares continue to fuel demand

NEW ZEALAND

Executive general manager

Rick Hamilton

TTV

\$666m down 1.3%
(0.1% in local currency)

Businesses

157

Performance review

- Profit improvement in leisure & corporate travel
- Increased leisure specialisation
- Corporate travel & TTV growth focus during 2008/09

UNITED KINGDOM

Executive general manager

Chris Galanty

TTV

\$1.2b up 3.3%
(13.7% in local currency)

Businesses

198

Performance review

- Strong leisure travel growth targeting niche sectors (specialisation) in large UK market
- Corporate profit growth earmarked for improvement following further integration

SOUTH AFRICA

Executive general manager

Dayle White

TTV

\$435m up 4.9%
(21.6% in local currency)

Businesses

134

Performance review

- Continued healthy growth
- Increased brand diversity – Travel Associates introduced
- Small but profitable corporate travel presence
- Opportunity to increase corporate marketshare during 2008/09

WORLDWIDE TOP PERFORMERS

HALL OF FAME:
ALISON CAUSEBROOK



HALL OF FAME:
EMMA JUPP



HALL OF FAME:
PHIL KENNEWELL



DIRECTORS' AWARD:
RACHEL MILLER





NORTH AMERICA

CANADA

Executive general manager

Greg Dixon

TTV

\$667m up 4.4%
(16.9% in local currency)

Businesses

168

Performance review

- Strong corporate travel performance
- Improved leisure travel results
- Targeting further improvement & business growth
- Shift in web strategy producing promising early signs
- Rapid shop upgrade program initiated to increase brand appeal in higher-end niches

LIBERTY

Executive general manager

Sue Rennick
Cathy Pelaez

TTV

\$835m

Businesses

232

Performance review

- Early results affected by integration and acquisition costs
- Strategies in place to restructure and reinvigorate the business

USA (EXCL LIBERTY)

Executive General Manager

Greg Dixon

TTV

\$231m down 4.1%
(up 9.3% in local currency)

Businesses

38

Performance review

- Continued corporate travel profit during period of rapid expansion
- FCm launched in new cities
- Reduced leisure travel losses
- Leisure travel shops to be rebranded as Liberty

INDIA

Executive general manager

Rahul Nath

TTV

\$451m up 40.8%
(47% in local currency)

Businesses

26

Performance review

- Strong profit growth in corporate travel
- Encouraging signs from Dubai startup
- Targeting improvement from new businesses

CHINA / HONG KONG

Executive general manager

David Fraser

TTV

\$92m up 12.2%
(27.1% in local currency)

Businesses

34

Performance review

- Continued improvement & reduced losses – approaching breakeven position
- Business expansion – CiEvents, FCm Executive Leisure launched
- Focus on upstaffing & land sales during 2008/09

DIRECTORS' AWARD:
ROB FLINT



TOP CORPORATE
ACCOUNT MANAGER:
RICHARD WADDINGTON



TOP INFINITY
CONSULTANT:
JESSIE TALBOT



TOP TICKET CENTRE
CONSULTANT:
CAROLINE DE LIMA



TOP RETAIL
CONSULTANT:
NATALIE SALM



OPERATIONAL REVIEW



FINANCE

Flight Centre Limited continues to develop its finance area, with the primary aim to employ, retain and develop high calibre professionals to deliver quality information and advice to staff to improve earnings and minimise costs.

During 2007/08, FLT invested in and upgraded its key financial systems to improve stability, reduce response times and secure additional productivity gains. This remains an ongoing priority during 2008/09.

An automated client bank reconciliation system to enhance shop finance teams' productivity was introduced during 2007/08, along with a number of online tools to improve risk management processes in operational and support businesses.

The Australian-based Treasury team continued to generate solid returns in interest and investment income, while adhering to the FLT Board's investment guidelines. Average funds under management in Australia increased from \$306million to \$390million, while the average credit quality on FLT's investment portfolio was A.

The overall finance area was strengthened during 2007/08, with the addition of FLT's company secretariat teams. These teams are closely aligned to the key finance functions and continue to oversee FLT's legal, mergers and acquisition and regulatory compliance matters. Since the start of 2008/09, the company's centralised procurement team has also become part of Finance.

MARKETING

FLT's brands are core assets and are consistently presented in all advertising and marketing initiatives to improve brand recognition and awareness.

Marketing activities are geared towards developing FLT's leisure and corporate brand range to cater for specific customer segments. By tailoring its marketing, FLT ensures its customers can organise their travel via the sales channel that best suits their needs.

In the leisure sector, marketing teams focused on increasing enquiry, decreasing the cost of enquiry and increasing the rate of repeat patronage to deliver a cost effective service to the shops.

Other significant developments included:

- flightcentre.com.au being judged Australia's number one travel agency site by visits for the fourth year running (source: Hitwise)
- The successful introduction of the Canada, Alaska and USA Travel Shows and continued strong performance of the nationwide Discover Europe shows and Travel Expos
- The introduction of new technologies including Travel Messenger, Click to Call, RSS feeds, Mobile websites and SMS to mobile
- The introduction of a company wide marketing system
- Development of the industry's first International Airline Guide; and
- The international rollout of Travel Money outlets

In corporate, priorities included expanding FCm Travel Solutions' customer base and cost effectively generating leads for the network's business development managers. Corporate marketing teams also played key roles in developing the Flight Centre Business Travel brand and relaunching Campus Travel.

PROPERTY

FLT's property division played a key role in helping the company complete its largest year of geographic and brand expansion.

Property teams were again at the heart of FLT's global shop upgrade program, which has seen most of the company's leisure shops refreshed or converted to the new shop of the future design.

Teams also played a role in:

- The development of a new shop design concept for Student Flights
- Cruiseabout shops' nationwide rollout
- FLT's entrance into the Indian leisure travel market through the Flight Shops' launch; and
- A refresh program being initiated in Liberty

To improve the return on FLT's shop lease expenditure, new facilities have been incorporated into shop design. Following the introduction of Flight Centre Travel Money foreign currency booths during 2006/07, FLT agreed a new deal with BankWest during 2007/08.

This agreement will see BankWest automatic teller machines installed in a number of shops throughout Australia this year.

FLT acquired new head office properties in Auckland and Melbourne during 2007/08 and agreed to acquire a yet-to-be-completed Johannesburg property. The company also secured an attractive long-term tenancy in Brisbane by leasing a property that will house some of the company's support businesses from the start of the 2009 calendar year.

TECHNOLOGY, PROJECTS AND E-COMMERCE

Technology is a core component of FLT's businesses throughout the world. Accessing the right information, sharing information and enhancing productivity are essential factors in reaching the company's growth and profit objectives.

FLT's information technology company, Flight Centre Technology Pty Ltd, aims to provide cost effective and efficient services to its customers and to help the company achieve its overall aims.

The business also incorporates FLT's Project Services team, the group charged with overseeing and implementing business improvement initiatives.

During 2007/08, the IT and project teams worked on and launched a number of business improvement initiatives designed to deliver incremental productivity enhancements.

These included the company's new airfares database, enhanced online booking engine and the Global Product Powerhouse.

The new year will be another significant period as work continues on key global and local initiatives. A number of FLT systems will also be introduced in the Liberty business during the second half of 2008/09 to improve productivity.

In e-commerce, FLT significantly enhanced its platform during the year by:

- Expanding the product range available on current sites and building new niche sites; and
- Developing and launching new sites for Liberty and Flight Shops

Increased visitor traffic and a focus on conversion delivered a large increase in enquiries to FLT's retail shop network.

FLT IN THE COMMUNITY

PEOPLEWORKS

The Peopleworks businesses recruit and present prospective travel consultants and other professionals to the company's managers and, later, train and develop staff.

Businesses that operate in this important area include:

- Recruitment
- The Learning Centre
- The Leadership Centre
- Healthwise; and
- Moneywise

During 2007/08, Peopleworks built on its achievements of previous years by attracting and placing a record number of candidates and expanding its personal and professional development programs.

To improve senior leadership development, FLT developed a talent management system for area leaders, national leaders and executive general managers. Through this system, the company identified a global talent pool of future senior executives.

In-store training programs, introduced with external learning and development facilitators, were expanded and have now been launched globally. The next stage of this team-based training methodology will be the introduction of new marketing and sales programs.

To enhance staff mobility, FLT relaunched Careerwise globally. This initiative highlights the career opportunities that are available to FLT staff and helps the company's people move seamlessly to new business areas and countries.

To help parents return to the company, FLT also continued to develop its range of flexible workplace opportunities.

New Careers websites were launched in the United Kingdom and Australia and contributed to the significant increase in applications and placement numbers.

Since the start of 2008/09, the company has expanded its educational leave program to allow Student Flights employees to receive an additional two weeks of paid educational leave. This will allow staff who specialise in long haul, adventure and guided tours to experience these programs first-hand.

CORPORATE SOCIAL RESPONSIBILITY

The Flight Centre Foundation

FLT boosted its corporate social responsibility (CSR) platform during 2007/08 by creating a charitable foundation.

The Flight Centre Foundation was created to coordinate and consolidate the company's CSR initiatives in Australia.

The foundation will be the backbone of the company's ongoing CSR efforts and will build on the longstanding but informal contributions FLT has made in this important area by:

- Ensuring that the company's fundraising efforts are coordinated
- Ensuring that money raised delivers maximum benefits to the charities the company supports in Australia; and
- Encouraging FLT's people to play an active and constructive role in the community

An independent board, chaired by Mr John Whateley, will oversee the foundation's activities. Local fundraising committees will also be created in each state early in 2008/09.

FLT has initially allocated \$100,000 to the foundation to create an accumulation fund and will match funds raised for the foundation's designated charities, which are likely to focus on:

- Children's issues
- Health and mental wellbeing; and
- Relieving poverty

While the foundation will have a nationwide focus, FLT will continue to support local community initiatives through its shop network.

The Environment

Flight Centre Limited is a geographically diverse business with company-owned operations in ten countries. FLT supports sustainable and responsible tourism, conservation of the world's natural resources and sustainability in general.

The company has implemented a number of policies and guidelines within its business, including stipulations relating to shop design, and is committed to building on its achievements in this important area.

To improve its performance, FLT is currently developing an over-arching environmental policy that will apply globally. This policy will be aligned with policies that are already in place within the company's individual operations and will be a key element in FLT's ongoing corporate social responsibility platform.

FLT's policy will promote and encourage reduced energy consumption, responsible tourism, commuting opportunities, recycling, waste reduction and environmentally friendly shop and head office design.

2008/09 OUTLOOK



BY SHANNON O'BRIEN, ACTING CHIEF EXECUTIVE OFFICER

Flight Centre Limited starts 2008/09 with a solid platform for future growth.

The company has a diverse and expanding international network of leisure, corporate and wholesale travel businesses, outstanding people, a strong balance sheet and improvement opportunities in all geographies.

Importantly, FLT also begins the year with significant momentum from 2007/08 and with strategies in place to boost future performance and shareholder returns.

Given these strong foundations, we will be disappointed if we do not increase pretax profit by 10-15% during 2008/09. Our established operations in Australia, the United Kingdom, South Africa and Canada are expected to drive profit growth, as we continue to develop scale and enhance our operations in new and emerging markets.

KEY GLOBAL STRATEGIES FOR 2008/09 INCLUDE:

Attracting and retaining the right people

Growing our core, specialist and new businesses

Continuing to develop an integrated and aligned sales, customer and marketing approach

Expanding our integrated global product and buying system

Accelerating our global growth in corporate travel; and

Replicating our success in the North American corporate travel market in leisure travel by capitalising on Liberty's scale and brand presence

Growth will primarily come through organic expansion of our existing brands. We will, of course, bolster our organic expansion by pursuing strategic acquisitions and joint ventures if opportunities arise to create additional shareholder value.

Within our travel business, obvious growth opportunities include niche areas of the leisure market and the overall corporate and wholesale sectors.

To target niche leisure sectors, we will continue to develop and expand our specialist brands. This strategy has already seen the company initiate an Australia-wide expansion plan for Cruiseabout, enter into a strategic adventure travel joint venture with Intrepid and develop a number of specialist businesses in the United Kingdom.

Since launching the FCm Travel Solutions corporate travel network four years ago, FLT has emerged as one of the world's largest corporate travel management providers.

During 2007/08, the company invested in the network's future by boosting its corporate travel sales force globally and expanding into new markets. FLT expects this investment to generate returns during 2008/09 and beyond, as it seeks to increase its corporate marketshare.

FLT also boosted its wholesale presence significantly during 2007/08 with GoGo's addition. GoGo's strong Caribbean and Americas product range will be added to FLT's global product powerhouse (GPPH), a wholesale product consolidation area, this year and will be available to FLT's travel agents and customers throughout the world. Once complete, the GPPH will house more than 15,000 wholesale products worldwide.

Outside of the travel sector, FLT will continue to expand its joint venture recruitment and cycling businesses. While currently small, these businesses represent future growth opportunities.

Capital expenditure is expected to increase from \$70.2million to approximately \$80million during 2008/09, as FLT continues to invest in its shop network and IT platform. The company expects to invest an additional \$25million in building-related capital expenditure during 2009. This represents a significant decrease from 2008, when the company acquired new head office properties in Melbourne and Auckland.

Overall, the company sees improvement opportunities in all geographies and expects continued growth in international travel, particularly on short haul routes. This is in line with projections by various industry bodies, including the International Air Transport Association.

Factors that continue to drive growth in international travel include:

- Airfares' extreme affordability globally
- Healthy capacity and competition on key international and domestic routes; and
- Near full employment and the desire to make the most of a limited amount of vacation time

To capitalise on the opportunities this combination of factors creates and, at the same time, stimulate further demand, the company will work closely with its international supplier network to develop and promote attractively priced product across all travel segments.

In terms of capital management, FLT will maintain a conservative approach to managing client cash. The company also expects to maintain its current dividend policy of returning 50-60% of after-tax profit to shareholders, subject to the business's growth requirements.

FLAGSHIP BRANDS

FCm TRAVEL SOLUTIONS' QUEENSLAND BUSINESS DEVELOPMENT MANAGERS (LEFT TO RIGHT) MELISSA PURTON, MELISSA TUDOR, KRISTY FENNELL, CATHRYN COLE, SONYA LOWRY, KENT ASTRIDGE.



FLIGHT CENTRE

The flagship Flight Centre brand is the Flight Centre group's best-known travel business and is regarded as one of Australia's most valuable brand names.

Flight Centre's branding and design are consistent worldwide, with its famous captain and network of red and white shops enhancing brand awareness and recognition. This consistency makes Flight Centre shops immediately recognisable to customers, wherever they are in the world.

During 2007/08, the global rollout of the next generation Flight Centre shop, the shop of the future, gained momentum. The new design is in place in all countries, along with a refresh program that introduces key sales features during refurbishment phases.

Flight Centre's Unbeatable value proposition highlights the passion, experience and value Flight Centre's consultants offer customers. The proposition is reflected in a new advertising slogan "We go out of our way for you", as well as a Low Price Promise.

flightcentre.com

The flightcentre.com website is a key component of Flight Centre Limited's multi channel distribution network and:

- Supports the company's extensive shop network
- Generates enquiry and sales
- Provide customers with easily accessible travel and product information

Visitors to this site can search, compare and book flights with major domestic and international carriers, as well as rooms at more than 20000 hotels worldwide, travel insurance, rail passes and car hire.

FCm TRAVEL SOLUTIONS

FCm Travel Solutions is FLT's flagship corporate brand and the first Asia-Pacific based global corporate travel and expense management consultancy.

The network extends to more than 60 countries and is growing rapidly through organic expansion, strategic acquisitions and licensing agreements with leading local companies in key international markets.

With its increasing global presence and strong network of partners, FCm Travel Solutions is now one of the top five global travel management consultancies worldwide.

Network partners are selected according to synergies in culture, commitment to service excellence and focus on achieving true efficiencies for clients. These partners are local industry leaders who are able to offer clients the benefits of:

- Local market knowledge
- FCm Travel Solutions' 24/7 global support network; and
- A flexible business model that creates tailored solutions for every client

FCm Travel Solutions' key point of difference is its people and culture, as reflected in its positioning statement "Our People. Your Guarantee". FCm's travel and account managers continuously monitor how their clients travel, identify efficiencies and proactively create solutions that make travel less complex and more cost effective.

Highlights during 2007/08 included:

- Establishment of a company-owned presence in Dubai
- Expansion into new USA locations
- Strong growth in the Middle East and Europe, with new partnerships formed in Greece, Cyprus, Afghanistan, Sweden, Romania and Croatia
- Rapid expansion in the Latin American and Caribbean (LAC) network, with new partnerships in Argentina, Brazil, Costa Rica and Puerto Rico servicing more than 20 countries
- Further development of key inter-country systems to support FCm's worldwide service capabilities and consistency
- Strong increases in office, business development manager and staff numbers
- Introduction of a range of globally consistent solutions for the TMS market, to bolster FCm's ability to compete for major accounts; and
- Attendance at a series of high profile industry events, including NBTA Boston, ACTE Munich, Washington DC and Singapore

During 2007/08, FCm Travel Solutions also introduced a regionalised structure to ensure a strong understanding of each region's individual and different needs.

The seven FCm regions are:

- North America
- Latin America
- Asia Pacific
- Central Europe
- Western Europe
- Middle East/India; and
- Africa

Website: www.fcm.travel

LEISURE BRANDS



LIBERTY TRAVEL

Liberty Travel is FLT's flagship leisure brand in the United States. The business was established in 1951 by Fred Kassner and Gil Haroche and was run by the founding families until January 2008, when it became FLT's largest acquisition.

Today, Liberty serves more than 2 million customers through its well known retail network, which spans the East Coast, Chicago and Florida. In addition, Liberty's wholesale business, GOGO Worldwide Vacations, serves 18,000 travel agencies via its 44 branches in 22 states.

Liberty is credited with pioneering the packaged holiday and is one of the largest and best known offline travel agencies in the United States.

Since acquisition, a comprehensive integration and improvement plan has been implemented to restructure and reinvigorate the business.

At shop level, this has seen a number of initiatives introduced including:

- New advertising systems to highlight a broader product range and generate additional customer enquiry
- Introduction of point-of-sale promotional materials and windowboards
- Launch of a refresh program to incorporate key elements of FLT's shop of the future design
- Development and launch of a new Liberty website to complement the brand's sales strategies; and
- A new focus on corporate travel through the creation of an SME business travel offering, similar to the Flight Centre Business Travel model in other markets.

The Liberty network now includes FLT's Flight Centre branded shops in Los Angeles and Chicago. These shops were recently rebranded to capitalise on the Liberty name's strength in the United States.

Website: libertytravel.com

ESCAPE TRAVEL

Escape Travel is FLT's third largest leisure brand, with a network of more than 100 shops throughout Australia.

The brand targets middle-market consumers and specialises in tailoring all-inclusive international and domestic holiday packages for families. Customers can expect a professional and friendly service and a diverse product range, backed by Escape Travel's "Perfect Holiday Promise".

Shops have a distinctive blue, white and red signage scheme and are typically located in major shopping centres in metropolitan and major regional areas.

During 2007/08, former Olympic gold medallist swimmer Susie O'Neill became the new face of Escape Travel to enhance brand awareness.

Australia's Madame Butterfly now features in all press, in-store signage, direct marketing campaigns and on the Escape Travel website.

escapetravel.com.au

escapetravel.com.au consistently ranks among Australia's 10 most popular travel agency websites. The site hosts a broad product range, as well as a domestic flight and accommodation booking engine. escapetravel.com.au also has a dedicated cruise section, which allows customers to search and enquire on more than 100 international cruises.

SUSIE O'NEILL - FACE OF ESCAPE TRAVEL

our
Perfect
holiday promise™

*Enjoy the holiday
you paid for or
we'll give you a
\$100 voucher**



GLOBAL EGMs: CHRIS GALANTY, DAYLE WHITE, RICK HAMILTON, DAVID FRASER, SUE RENNICK, RAHUL NATH, CATHY PELAEZ AND GREG DIXON.



THE TRAVEL ASSOCIATES BUSINESSES

The respective Travel Associates businesses are designed to cater for experienced travellers with discerning tastes, keen interests in exploring unique destinations and a desire for luxury leisure travel experiences.

The boutique-style offices are located in fashionable shopping and eatery locations in Brisbane, Sydney, Melbourne, Hobart, Canberra, the Gold Coast, Sunshine Coast and Toowoomba. In addition, new offices opened in Sydney, Adelaide and Perth during 2007/08, along with the brand's first international office in South Africa.

Further expansion is planned for 2008/09 in South Africa and in Australian capital cities and large regional centres.

As Travel Associates clients' are well travelled, team leaders hold a wealth of knowledge and personal experience. Similarly, team members are highly experienced professionals with the ability to tailor holidays to suit customers' needs.

Website: travel-associates.com.au.

FLIGHT SHOP

FLT boosted its presence in India during 2007/08 by expanding into the country's emerging leisure travel sector.

The opening of Flight Shop outlets represents FLT's first international expansion in leisure travel since 1999. Flight Shop outlets operate alongside the established FCm Travel Solutions business and provide a complete service for leisure travellers.

Website: flightshop.co.in

STUDENT FLIGHTS

Student Flights is FLT's youth and adventure division and targets the inbound and outbound markets for students, independent travellers (backpackers and flashpackers), young professionals, trades people, overseas working holiday makers and adventure seekers.

The brand specialises primarily in international airfares, including specific student and youth airfares, round-the-world flights and complex itineraries such as Circle Asia, Circle Pacific, combination and constructional fares.

As a full service travel agency, Student Flights also offers:

- Accommodation (hostels and hotels)
- Car hire
- Rail passes
- Bus and touring options
- Visa support
- ISE student cards; and
- Travel insurance

In keeping with its youth and adventure focus, Student Flights has a broad product range. Options include tours, activities, music festivals, events, sailing, contemporary cruising, overseas working holidays, teaching and learning experiences and volunteering programs.

Student Flights has embarked on a path to be the most culturally, socially and environmentally-conscious retail travel brand in Australia and has initiated a number of important strategies.

studentflights.com.au

The Student Flights website has a strong affinity with its primary target market, given the group's high propensity for internet usage. The website highlights the latest international and domestic airlines (including student airfares), campaign products, cheap travel, an extensive range of tailored product, events and music festivals listings, last-minute deals and competitions.

studentflights.com.au consistently appears in the top 15 travel websites, with more than 250,000 unique user sessions per month. The brand's strategy integrates the online positioning with direct retailing to successfully target the youth and adventure market.

FLIGHT SHOP LANDS IN INDIA



SPECIALIST LEISURE BRANDS

FLIGHT CENTRE TRAVEL MONEY

Flight Centre Travel Money became part of FLT in October 2006 and now operates more than 20 stores in Australia and New Zealand.

The foreign exchange business, which was established in Perth as Nationwide Currency Services in 1997, was rebranded after its acquisition and has been earmarked for significant future expansion in its existing markets and in new geographies.

While FLT will continue to grow the Flight Centre Travel Money brand by opening standalone outlets, expansion will be fast-tracked by incorporating the currency service into existing Flight Centre stores in various locations.

During 2007/08, new agreements were reached with major suppliers Travelex and MoneyGram.

QUICKBEDS.COM.AU

FLT acquired quickbeds.com.au in 2002 and has continued to develop the site's capabilities and international and domestic product range.

quickbeds.com.au provides last-minute specials – which are up to 70% cheaper than standard prices for domestic properties – up to 28 days in advance directly on the website or via a dedicated Hotel Hotline call centre.

The website also offers access to year-round rates, allowing customers to book during peak periods when last-minute rates are unlikely to be available.

During 2007/08, a number of enhancements took place including:

- An expansion in international and domestic hotel inventory
- Establishment of new links with the Australian Good Food Guide for restaurant information and GoDo for theme parks and activities; and
- Introduction of a fresh new look for the site

quickbeds.com.au adopts a Price Beat Guarantee to help its customers secure additional bargains at hotels, apartments, bed and breakfasts, hostels, resorts and motels throughout Australia. This guarantee means that the quickbeds.com.au team will beat any available accommodation price offered by competing Australian registered businesses and websites.

FLIGHTCENTREHOTELS.COM.AU

flightcentrehotels.com.au is a dedicated accommodation business that is linked to the flightcentre.com.au website.

Similar to quickbeds.com, flightcentrehotels.com.au offers customers accommodation specials at thousands of resorts and hotels in Australia and overseas.

Deals include last-minute specials for leisure or business customers travelling within the next 28 days and year-round rates for customers booking up to 365 days in advance.

All products on the site are also available at FLT's leisure travel shops to cater for customers who prefer to book their accommodation in person.

CRUISEABOUT

Cruiseabout is an award-winning specialist cruise brand that has been earmarked for significant expansion over the next 12 months.

The brand is about to embark on a new era of growth as part of FLT's global strategy of increasing its marketshare in specialised travel industry sectors.

New Cruiseabout retail shops are set to open on the Gold and Sunshine coasts and in Adelaide, Brisbane, Melbourne, Perth and Sydney during the first half of 2008/09 as FLT creates Australia's first national retail cruise brand.

Cruiseabout's expert consultants have been handpicked for their extensive cruise knowledge and passion for travel, plus their dedication to providing uncompromising customer service

Customers can expect a one-stop international and domestic cruise booking service, covering the full range of cruise product.

www.cruiseabout.com.au

QUICKBEDS.COM.AU PROVIDES LAST-MINUTE SPECIALS – WHICH ARE UP TO 70% CHEAPER THAN STANDARD PRICES FOR DOMESTIC PROPERTIES – UP TO 28 DAYS IN ADVANCE DIRECTLY ON THE WEBSITE OR VIA A DEDICATED HOTEL HOTLINE CALL CENTRE.

CORPORATE BRANDS

FLIGHT CENTRE'S GLOBAL FINANCIAL
REPORTING TEAM



CiEVENTS

CiEvents is an emerging global presence in corporate event and conference planning, production and project event management. Following its expansion into new markets during 2006/07, CiEvents continued to develop its strong suite of customer business solutions during 2007/08.

This suite now includes:

- CiEvents: The business's main operational and logistics arm, specialising in all budgeting requirements as well as the timely, on-site running of projects, including online registration, flights and all ground arrangements, both in Australia and overseas
- CiProduction: Established to better integrate strategic business communication expertise with theatrical know-how to serve clients in a range of fields, from product launches, special dinners, to press launches and award evenings
- CiLoyalty: A relationship marketing division to help businesses achieve their management and marketing objectives through performance improvement by way of customised incentive marketing, relationship marketing, reward and recognition and customer loyalty programs; and
- FatFish Design: Innovation across all aspects of graphic design, internet development, video production and photography, from production through to final printed product

The production business, which was bolstered through acquisition during 2006/07, continues to thrive and represents a solid future growth opportunity, with CiEvents now able to grow within the event industry as a production house and also offer added value for its current logistics customers.

Now with offices in Sydney, Melbourne, Brisbane, Auckland, London and Shanghai, CiEvents is rapidly establishing itself as an industry leader globally as well as locally.

www.cievents.com.au

FLIGHT CENTRE BUSINESS TRAVEL

Flight Centre Business Travel provides a complete, localised travel service, tailored to the needs of small and medium sized businesses.

The brand provides business travellers with competitive daily prices on airfares, car rentals and accommodation and is committed to delivering annual travel savings of at least 10 per cent to its clients.

Flight Centre Business Travel's service commitment is built around providing:

- A dedicated travel manager
- Best Fare of the Day on airfares
- Best Rate of the Day on hotels and car hire
- Corporate travel insurance
- Business lounge discounts; and
- 24/7 emergency assistance, no matter where customers are in the world

Shops typically operate in CBD perimeter locations and in major regional centres.

Website: fcbt.com.au

STAGE AND SCREEN TRAVEL SERVICES

Stage and Screen Travel Services provides specialist travel services for the entertainment, music, film, sports, arts and media businesses.

The brand enjoyed continued success during 2007/08 and again played a key role in a number of major events and productions, including Australian Idol, Channel 7's AFL & Olympics coverage, V Festival and various international touring acts.

Stage and Screen operates in Brisbane, Sydney, Melbourne, Auckland and Los Angeles. A new office has just opened in Toronto.

Website: www.stageandscreen.com.au

CORPORATE TRAVELLER

Corporate Traveller is a boutique corporate travel brand with a strong commitment to personal service.

The brand is heavily relationship-based and operates alongside the established FCm Travel Solutions businesses in selected CBD locations.

Corporate Traveller clients enjoy the benefits available to all clients of the global FCm network.

CAMPUS TRAVEL

Campus Travel is the only specialist travel management company in Australia to focus solely on travel solutions delivery to the academic sector.

The business recognises that universities, schools, TAFEs and other colleges have increasingly complex infrastructures akin to those of many large corporations and, accordingly, tailors academic travel solutions which bring the world closer.

From its network of onsite locations or by closely aligning itself with its customer bases, Campus is uniquely positioned to respond and adapt to the variety of travel needs thrown up by the academic sector.

Campus customers also benefit from the business's intensely personal service, attitude and approach on an immediate local level. This is underpinned by a global reach through parent company Flight Centre Limited that provides customers with the same high standard of service internationally, whichever country they are travelling to.

Website: www.campustravel.com.au

WHOLESALE BRANDS



INFINITY HOLIDAYS

Infinity Holidays is FLT's largest wholesale business and supplies accommodation, tours, cruises and car hire to the company's global shop network.

While FLT continues to work with a number of preferred suppliers, Infinity is now the company's largest supplier of land products and continues to grow in all countries.

During 2007/08, Infinity recorded strong TTV and profit growth, particularly in Australia.

The Calypso wholesale product platform, secured as part of the Travel Spirit Group's acquisition during 2007, was implemented in Infinity's Australia, New Zealand and Canada businesses. Expansion into the United Kingdom will take place this year.

FLT's introduction of a direct wholesale buying model and departure from an external product supplier also allowed the company to create a Global Product Powerhouse (GPPH). This land procurement business now supplies product to the majority of FLT's wholesale businesses and is set to expand with a northern hemisphere operation, following the integration of the GoGo wholesale product range.

A new Infinity Youth division was created during 2007/08 to build on the Overseas Working Holidays business and to strengthen ties with the Student Flights brand. Infinity Youth will offer its current mass market hotels and attractions, as well as an expanded youth range of travel options.

With Youth's addition, Infinity now has five operating divisions:

- Domestic
- International
- Rail
- Cruise; and
- Youth

Infinity also focused on niche products to support growth in FLT's specialist brands, particularly Cruiseabout. Specialisation and further growth in niche markets will be an ongoing focus for FLT and its land product areas.

EXPLORE HOLIDAYS

Explore Holidays specialises in independent travel and delivers "your holiday, the way you want it" by allowing customers the flexibility to choose what to do and when.

The company understands travellers' specific needs and offers a full product range, covering hotels, tours, sightseeing, special interest activities, car hire and airfares.

Explore's brochures include a broad variety of accommodation styles from city and country hotels of every category to B&Bs and unique accommodation like lodges, camps, self catering apartments, villas, cottages and castles.

Over almost 30 years, Explore Holidays has become one of Australia's most respected and successful long distance travel companies, with a strong commitment to quality, variety, flexibility and reliability.

TICKET CENTRE

Flight Centre Limited's in-house consolidator, Ticket Centre, is a vital part of the organisation in every country and has been recognised as the largest business of its kind in Australia.

Ticket Centre performs the important function of formatting, issuing and managing all of Flight Centre Limited's ticketing requirements, adding to the company's overall professionalism and delivering a fast and accurate product to the shops.

The Ticket Centre team is dedicated to providing efficient solutions for front-end partners at each stage of air product distribution and delivering fares knowledge, advice, ticket fulfillment and post ticketing assistance.

The business encompasses four important areas:

- Farepoint – providing airfare and ticketing advice to the company's sales people
- Ticketing – operations associated with physically issuing tickets
- Accounts – overseeing refund and billing issues; and
- Phonatics – customer relations, 24/7 customer assistance, staff travel and online assistance

During 2008/09, a centralised Ticket Centre will be developed in Liberty to handle the business's ticketing requirements and improve shop-based productivity.

GOGO WORLDWIDE VACATIONS

GoGo Worldwide Vacations is a leading wholesaler of value and amenity-packed vacation packages with more than 40 local sales offices, exclusively serving the United States travel agent community.

Following its acquisition by FLT in January 2008, GoGo has significantly enhanced the depth and breadth of its product and destination offerings. This has seen GoGo launch a new global product range called the Worldwide Collection for its 18,000+ agency customers.

After more than 55 years of committed service, GoGo has also initiated a refresh program to enhance the brand, renew its service commitment and "go one better" for customers.

GoGo has unveiled its "Partnership Pledge", promising to be "Fast, Friendly, Knowledgeable, Helpful and Reliable" in addition to its "Price Beat Promise", giving agents' peace of mind that it will not be beaten on price. In going one better, GOGO has also introduced a "No Worries" guarantee, eliminating late booking and revision fees and other areas of concern.

In the coming months GoGo's agent only website, www.gogowww.com will have a new look and improved navigation. For the first time, GoGo will be consumer facing, with www.gogoworldwidevacations.com, a consumer website which links to the agent site and will allow consumers to view product and then be directed to their local travel agent.

JOINT VENTURES

INTREPID – ADVENTURE AND EXPERIENTIAL TRAVEL

Flight Centre Limited continued its strategic expansion in niche sectors of the travel industry by entering into a joint venture with specialist Melbourne-based global adventure operator Intrepid Travel early in 2008/09.

Together, the two companies will draw on their respective strengths to create and expand Australia's largest specialist adventure and experiential retail travel chain.

The joint venture agreement has seen:

- Intrepid transfer its existing retail shops in Melbourne, Brisbane, Sydney, and Perth, along with the rights to participate in Auckland, to the joint venture; and
- FLT provide \$2.4million in growth capital to the joint venture to fast-track new shop rollout in the specialist brand, in addition to contributing its proven management expertise in retail travel

Shops operated by the joint venture will continue to trade under the Intrepid banner and will be rolled-out in key locations Australia-wide over the next 18 months.

Customers have access to Intrepid's full product range, airfares and a broad range of FLT's travel related products.

PEDAL GROUP

Since the start of 2008/09, FLT has established a small cycling joint venture to capitalise on growth opportunities in this emerging leisure sector.

The Pedal Group joint venture is owned equally by FLT and the Turner family and includes wholesale distribution rights for the Merida and Indi cycle brands and the 99 Bikes retail chain.

More than 1.4million bikes were sold in Australia last year and the joint venture partners see further growth potential.

Growth drivers include:

- Improved commuting facilities for cyclists
- Heightened environmental awareness
- Increased fuel prices; and
- Increased focus on physical fitness

EMPLOYMENT OFFICE

Employment Office is a recruitment process outsourcer with a unique business model that differentiates it from employment agencies.

With a broad offering to suit large and small businesses and a track record across all industries, EO empowers companies to attract and retain the best talent while reducing acquisition costs.

Key functions include:

- Recruitment marketing and attraction strategies
- Candidate management software
- Career sites, job boards and job portals
- Interviewing, short listing and assessment
- Behavioural testing; and
- Recruitment process engineering

EO now has offices in Brisbane, Sydney, Melbourne and London. Further international expansion is planned during 2008/09.

This year, EO expects to fill some 6000 roles and process 300,000 applications across more than 1000 different businesses at an average cost of less than \$AUD2000 per placement, including advertising.



CORPORATE GOVERNANCE

1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The board acknowledges that its primary role is to create and safeguard shareholder value.

The board's functions include:

- Charting the group's direction, strategies and financial objectives
- Overseeing and monitoring organisational performance
- Identifying risks and implementing appropriate control, monitoring and reporting mechanisms
- Appointment, performance assessment and, where appropriate, removal of the chief executive officer, chief financial officer and company secretary
- Ensuring board structure and composition is effective
- Approving and monitoring the progress of major capital expenditure, acquisitions and divestitures and capital management
- Approving all FLT group entities' incorporation and deregistration

Under the company's constitution, the board can delegate any of its powers to the managing director. At any time, the board can withdraw, suspend or vary those powers.

The managing director, chief financial officer and senior executives are authorised to make the day-to-day decisions required to fulfil their roles and to achieve the company's strategic and financial objectives.

The company's senior executives report monthly to the board on their operations (including initiatives and issues arising during). These reports contain key performance indicators (KPIs), which are also the basis of their performance evaluations and remuneration.

The full board deals with all significant matters. To assist in its deliberations, the board has established various committees that act primarily in a review or advisory capacity. Regional operational committees have also been established with a board director allocated to each region to assist the senior executive and his or her key management personnel in addressing issues that may arise.

Board and Senior Executive Induction

Newly appointed board members and senior executives are given a practical induction into the group's operations, strategies and financial position through access to appropriate documentation and face-to-face discussions with the existing board members and senior executives.

2. STRUCTURE THE BOARD TO ADD VALUE

The board has a complementary mix of skills that provide the desired depth and experience. Currently, there are three non-executive directors (including the chairman) and one executive director, who serves as managing director.

The board meets monthly and on an ad hoc basis to consider time critical matters.

Directors may seek legal advice, at the company's expense, on any group matter subject to prior notification to the chairman.

Board Composition

Directors' names and biographical details are provided in the annual report.

Remuneration and Nominations Committee Functions

The FLT group remuneration committee includes FLT's non-executive directors. The remuneration committee also serves as the nomination committee. The remuneration committee, therefore, also considers (per the charter) the board's appropriate blend of skills and competencies in implementing the group's future strategies. If additional expertise is required, the remuneration committee will establish whether to nominate a further director.

The board evaluates its performance, both as a whole and as individual directors.

Independence and Materiality

An independent director is independent of management and free of any business or other relationship that could materially interfere with the exercise of the director's unfettered and independent judgment.

Materiality is assessed on a case-by-case basis from the perspective of both the company and the director concerned.

The board believes the current non-executive directors qualify as independent per the definition supplied by ASX Corporate Governance Principles and Recommendations. While Peter Morahan and Gary Smith both have relationships with businesses that supply product to the FLT group, neither is of a material quantum to those businesses, nor to the FLT group.

3. PROMOTE ETHICAL & RESPONSIBLE DECISION MAKING

FLT actively promotes a set of values designed to assist all employees in their dealings with each other, competitors, customers and the community. The values endorsed include: honesty, integrity, fairness and respect. These values are incorporated into the company core philosophies and considered the equivalent of a Code of Conduct as it sets out the standards expected of all employees.

FLT's company philosophies are endorsed by the board and apply to all directors and employees. The philosophies are supported by numerous policies relating to legal and ethical compliance and are included in the annual report.

The company recognises its corporate social responsibility and contributes to several charitable initiatives. To enhance FLT's performance in this area, the Flight Centre Foundation was created during 2007/08.

Political Contributions

FLT maintains a position of political impartiality and does not contribute any funds in this regard.

Trading Policy

The board has established guidelines governing trade in FLT securities by directors, employees and contractors who may be aware of price sensitive information. The board has resolved to confine any dealings in FLT shares to a period of 30 days following the public release of the company's financial results or another market sensitive announcement. Should new price sensitive information emerge during this period, directors, employees and contractors are not permitted to trade in FLT shares until the information has been publicly released.

For further details, refer to the trading policy at www.flightcentre.com.

4. SAFEGUARD INTEGRITY OF FINANCIAL REPORTING

Audit Committee

Audit committee functions include:

- Recommending the external auditor's appointment/removal, reviewing the auditor's performance and audit scope
- Helping the board oversee the risk management framework, including determining the internal audit's scope, ratifying the chief internal auditor's appointment/removal and contributing to the chief internal auditor's performance assessment
- Reviewing the company's published financial results
- Reporting to the board on matters relevant to the committee's role and responsibilities

Committee Composition

The audit committee includes three independent non-executive directors, Peter Barrow (chairman), Gary Smith and Peter Morahan, who report to the full board and have extensive experience and expertise in accountancy, financial management, risk management, legal compliance and corporate finance. Directors' qualifications and attendance details are set out in the annual report.

The board has reviewed the committee's membership and is satisfied that, given the size of FLT's board, the committee has appropriate financial representation. The audit committee chairman is not FLT's board chairman.

Refer to www.flightcentre.com for the audit committee charter.

Auditor Appointment

The company and audit committee policy is to appoint an external auditor that clearly demonstrates quality and independence. The external auditor's performance is reviewed annually. PricewaterhouseCoopers (PwC), the current auditor, is obliged to rotate audit engagement partners at least every five years. The group has moved to have PwC appointed in each of its jurisdictions.

An analysis of fees paid to PwC, including fees for non-audit services, is provided in the annual report. The external auditor's policy is to provide the audit committee with an annual declaration of independence.

Certification of Financial Reports

The chief executive officer and chief financial officer certify that the company's accounts are a true and fair representation of FLT's financial results and position.

5. MAKE TIMELY AND BALANCED DISCLOSURE

As per ASX Listing Rules, FLT will immediately disclose publicly any information that a reasonable person will expect to have a material effect on FLT share value.

The company has written policies and procedures governing continuous disclosure and shareholder communication.

All information communicated to the Australian Securities Exchange (ASX) is to be posted on the company website.

Refer to www.flightcentre.com for the Communications and Disclosure Policy.

6. RESPECT RIGHTS OF SHAREHOLDERS

Shareholder Communications

The board aims to inform shareholders of all major developments affecting the group's activities and its state of affairs through distribution of the annual and half year reports, Australian Securities Exchange announcements and media releases. All such communications are placed on the company website, www.flightcentre.com.

Shareholders are encouraged to supply, prior to the annual general meeting, any questions of the board so that these can be addressed at the meeting. FLT's investor relations manager is available at all other times to address shareholder, analyst and media queries.

Auditor Communication

The external auditor is asked to attend the annual general meeting to answer questions concerning the audit report's conduct, preparation and content.

Refer to www.flightcentre.com for the Communications and Disclosure Policy.

7. RECOGNISE AND MANAGE RISK

FLT complies with Australian laws and those applicable in its international jurisdictions.

The company continues to develop and improve an integrated business risk management and compliance framework. This provides the board and management with an ongoing program to identify, evaluate, monitor and manage significant risks to enhance, over time, shareholder value and to safeguard assets.

The company secretariat includes the regulatory compliance and legal divisions and, in conjunction with global internal audit, oversees risk management and compliance matters. Internal audit is responsible for ensuring prudent financial and non-financial risk management measures are adopted.

The board receives audit and business reports regularly to ensure prompt action is taken if material issues arise.

The board regularly evaluates management's performance against various criteria and requires senior management to formally address it on strategy execution and associated issues.

All senior executives have one-on-one meetings with the managing director. The board receives a monthly information pack including:

- Reports from respective executive general managers on financial and operational issues
- Corporate governance reports; and
- Consolidated and divisional accounts

The board requests additional information as required.

The company secretary oversees corporate governance and distributes agenda items and information papers.

The managing director and chief financial officer have provided the board with a formal sign-off in accordance with section 295A of the Corporations Act regarding the group's financial statements and soundness of the risk management and internal controls.

Refer to www.flightcentre.com for the Internal Audit Charter.

Risk Profile

Factors representing general risks include:

- The general state of the Australian and international economies
- Adverse currency and interest rate movements
- The outlook of the tourism sector generally; and
- Low barriers to entry and modest start-up costs

CORPORATEGOVERNANCE

7. RECOGNISE AND MANAGE RISK

Factors that represent specific risks to FLT include:

- Adverse changes in margin arrangements or rates payable to the group
- The occurrence of significant international armed conflict
- Adoption of the internet as a distribution channel
- A dramatic change in customer travel/leisure patterns and tastes
- Loss of key staff and staff turnover; and
- Adverse changes in government regulation

FLT and its board continually assess emerging trends and associated risks and their possible impacts on future profits.

The company has a proven retail formula based on standardised systems and ongoing business growth in all brands and geographies. This business model has been, and continues to be, successfully adapted in response to world events and industry changes.

FLT continues to enjoy strong relationships with its business partners and is continually developing its leisure, corporate and wholesale travel brands. The company also continues to enhance its online and IT platform, which includes Australia's most popular travel agency website by visits, flightcentre.com.

FLT invests heavily in its people through training and empowerment and has identified attracting and retaining the right people as a key global strategy for 2008/09.

8. REMUNERATE FAIRLY AND RESPONSIBLY

Full details of FLT's remuneration policies and structures, including director and key management personnel information, are outlined in the remuneration report and on www.flightcentre.com.

The company's fundamental remuneration policy is to link performance and accountability with reward. The board delegates responsibility for remuneration practices to the remuneration committee.

Remuneration Committee

The remuneration committee consists of the full board's non-executive directors (Peter Barrow, Peter Morahan and Gary Smith) and provides:

- Advice on remuneration and incentive policies and practices; and
- Specific recommendations on remuneration packages and other employment terms for executive directors, senior executives and non-executive directors

Committee members' attendance is disclosed in the annual report.

The managing director, chief financial officer, and the HR manager provide operational information to the committee. The board believes that, given its size, the existing committee satisfactorily addresses this function. The board considers a remuneration charter unnecessary at this stage.

Principles used to determine the nature and amount of remuneration

The group's executive reward framework seeks to ensure reward for performance is competitive and appropriate for the results delivered. Underpinning this framework is FLT's core philosophy of "ownership by our people", which encourages employees to invest in their own success. The framework aligns executive reward with achievement of strategic objectives and the creation of shareholder value and conforms with market practice for reward delivery.

The board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness: The group has structured an executive remuneration framework that is market competitive and complements the organisation's reward strategy
- Acceptability to shareholders: Pay structures are aligned to shareholders' interests and have profit as a core component of plan design, focus on sustained growth in shareholder wealth and non-financial value drivers and attract and retain high calibre executives
- Performance linkage / alignment of executive compensation: Pay programs seek to reward capability and experience, encourage growth in shareholder wealth, provide a clear structure for earning rewards and recognise executives' contributions.
- Transparency
- Capital management.

The overall framework provides a mix of fixed and variable pay and a blend of short and long-term incentives. As executives gain seniority, the balance of this mix shifts to a higher proportion of at risk rewards.

Non-executive directors

Non-executive directors' fees and payments reflect the position's demands and responsibilities and are reviewed annually by the board.

Fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for shareholder approval. The maximum currently stands at \$400,000 per annum, as approved by shareholders on 31 October 2003.

The chairman's fees are included in this pool and are determined independently from non-executive directors' fees. The chairman does not attend discussions relating to his own remuneration. Directors have elected not to participate in the FLT Employee Option Plan and are not eligible to participate in the Employee Share Plan.

Executive pay

The executive pay and reward framework has four components:

1. Base pay and benefits
2. Short-term performance incentives
3. Other incentives through participation in the Business Ownership Scheme (BOS) program, FLT Employee Option Plan, Senior Executive Option Plan and Employee Share Plan; and
4. Other remuneration such as superannuation contributions

The executive's total remuneration is the combination of these as outlined in detail in the remuneration report and on www.flightcentre.com.

Performance Assessment:

Twice a year, the board convenes a strategy summit to assess the group's past performance, its board members and senior executives and to plan the group's future direction. Twice a year, the senior executives also address the board on their areas of responsibility and for personal evaluation.

The chairman is not involved in the approval of his own remuneration package.

All relevant governance charters and policies are available on www.flightcentre.com.

DIRECTORS'REPORT

FLIGHT CENTRE LIMITED DIRECTORS' REPORT 30 JUNE 2008

Your directors present their report on the consolidated entity (referred to hereafter as the group) consisting of Flight Centre Limited and the entities it controlled at the end of, or during, the year ended 30 June 2008.

DIRECTORS

The following persons were FLT directors during the financial year ended 30 June 2008:

G.F.Turner (appointed 17 November 1987)

P.F.Barrow (appointed 9 October 1995)

B.R.Brown (resigned 6 November 2007)

H.L.Stack (resigned 2 November 2007)

P.R.Morahan (appointed 2 November 2007)

G.W.Smith (appointed 2 November 2007)

G.L.Harris (alternate for G.F.Turner and P.F.Barrow until resignation on 31 January 2008)

PRINCIPAL ACTIVITIES

During the year, the principal continuing activities consisted of the selling of international and domestic travel. There were no significant changes in the nature of the group's activities during the year.

DIVIDENDS - FLIGHT CENTRE LIMITED

Dividends paid to members during the financial year were as follows:

	2008 \$'000	2007 \$'000
Final ordinary dividend for the year ended 30 June 2007 of 46 cents (2006 - 32 cents) per fully paid share paid on 12 October 2007, fully franked	43,628	30,231
Interim ordinary dividend for the year ended 30 June 2008 of 37.5 cents (2007 - 20 cents) per fully paid share paid on 28 March 2008, fully franked	37,353	18,894
	80,981	49,125

In addition to the above dividends, since the end of the financial year the directors have recommended the payment of a final ordinary dividend of \$48,310,271 (48.5 cents per fully paid share) to be paid on 10 October 2008 out of retained profits at 30 June 2008.

REVIEW OF OPERATIONS AND SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

A review of the company and its controlled entities and the results of those operations for the year are contained in the Appendix 4E released 26 August 2008.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 1 August 2008, Flight Centre Limited formed an adventure travel joint venture with specialist Melbourne-based operator Intrepid. The joint venture will see Flight Centre and Intrepid work together to develop and expand a chain of specialist adventure travel retail stores to capitalise on growing interest in the sector. To secure its 50% holding in the venture, FLT invested \$2.4million.

On 31 August 2008, FLT formalised its agreement with the Turner family in relation to a proposed joint venture cycling business. The agreement, which was foreshadowed during 2007/08, will see FLT transfer its wholesale cycle business, Advance Traders Australia (ATA), to the joint venture. 99 Bikes, which is owned by the Turner family, will transfer its Brisbane-based chain of bike shops to the joint venture. The Turner family will make an additional cash contribution to secure a 50% holding in the new joint venture. The contribution will be determined following an independent valuation of 99 Bikes' and ATA's stock at 31 August 2008. The transaction was conducted at arm's length and with independent valuations and legal advice.

No other circumstance has arisen since 30 June 2008 that has significantly affected, or may significantly affect:

- (a) The group's operations in future financial years
- (b) The results of those operations in future financial years; or
- (c) The group's state of affairs in future financial years

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Further information on likely developments in the group's operations and the expected results of operations have not been included in this annual report because the directors believe it would be likely to result in unreasonable prejudice to the group.

ENVIRONMENTAL REGULATIONS

The group has determined that no particular or significant environmental regulations apply to it.

DIRECTORS' REPORT

FLIGHT CENTRE LIMITED DIRECTORS' REPORT 30 JUNE 2008

INFORMATION ON DIRECTORS

Particulars of directors' interests in shares and options of Flight Centre Limited

DIRECTOR	EXPERIENCE	SPECIAL RESPONSIBILITIES	ORDINARY SHARES	OPTIONS
P.R.Morahan Age: 47	Executive chairman of investment company that owns Moreton Hire, member of Australian Institute of Company Directors and the Australian Institute of Management	Independent non-executive chairman Remuneration committee member Audit committee member	3,212	-
G.F.Turner BVSc Age: 59	Founding FLT director with significant experience in running and developing a global retail, corporate and wholesale travel business	Managing director Remuneration committee member	15,729,535	-
P.F.Barrow FCA,FAICD Age: 57	FLT director since 1995. Director of Oaks Hotels and Resorts Limited, Mosaic Oil NL and Cluff Resources Pacific NL. Senior partner of chartered accounting firm MBT. More than 25 years' experience with travel companies	Independent non-executive director Audit committee chairman Remuneration committee member	25,000	-
G.W.Smith BCom, CA, FAICD Age: 48	Managing director of Tourism Leisure Corporation and the Kingfisher Bay Resort Group of companies, chartered accountant, Queensland Tourism Industry Council board member	Independent non-executive director Remuneration committee chairman Audit committee member	5,000	-

COMPANY SECRETARY

The company secretary is Mr D. Smith B.Com, LLB. Mr Smith has worked for Flight Centre for six years and initially served as the company's general counsel, before heading Flight Centre's mergers and acquisition business. He was appointed on 31 January 2008. Mr G. Pringle was the company secretary until 25 January 2008. The interim company secretary from 25 January 2008 to 31 January 2008 was Mr S. Kennedy B.Bus, ACIS. Mr Kennedy remains a registered cocompany secretary of FLT and its Australian subsidiaries. Mr Kennedy has worked for Flight Centre for 12 years in various finance roles before moving into the assistant company secretary role four years ago.

MEETINGS OF DIRECTORS

The number of meetings of the company's board and of each board committee held during the year ended 30 June 2008, and the number of meetings attended by each director were:

	FULL MEETINGS OF DIRECTORS		MEETINGS OF COMMITTEES			
	A	B	AUDIT		REMUNERATION	
	A	B	A	B	A	B
G.F.Turner	10	13	*	*	1	1
P.F.Barrow	13	13	4	4	1	1
P.R.Morahan (appointed 2 November 2007)	11	11	3	3	1	1
G.W.Smith (appointed 2 November 2007)	11	11	3	3	1	1
H.L.Stack (resigned 2 November 2007)	2	2	1	1	*	*
B.R.Brown (resigned 6 November 2007)	2	2	1	1	*	*
G.L.Harris (alternative director, resigned 31 January 2008)	2	2	*	*	*	*

A = Number of meetings attended

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

* = Not a member of the relevant committee

DIRECTORS' REPORT

FLIGHT CENTRE LIMITED DIRECTORS' REPORT 30 JUNE 2008

REMUNERATION REPORT

The remuneration report is set out under the following main headings:

- A** Principles used to determine the nature and amount of remuneration
- B** Details of remuneration
- C** Service agreements
- D** Share-based compensation
- E** Additional information

The information provided in this remuneration report has been audited, as required by section 308 (3c) of the Corporations Act 2001.

A PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION (AUDITED)

The group's executive reward framework seeks to ensure reward for performance is competitive and appropriate for the results delivered. Underpinning this framework is the core philosophy of "ownership by our people", which allows employees to invest in their own success. The framework aligns executive reward with achievement of strategic objectives and the creation of shareholder value and conforms with market practice for reward delivery. The board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage / alignment of executive compensation
- Transparency; and
- Capital management

The group's executive remuneration framework is market competitive and complements the organisation's reward strategy.

Alignment to shareholders' interests:

- Has profit as a core component of plan design
- Focuses on sustained growth in shareholder wealth, consisting of dividends and share price growth and delivering constant return on assets, as well as focusing the executive on key non-financial value drivers; and
- Attracts and retains high calibre executives

Alignment to program participants' interests:

- Rewards capability and experience
- Reflects competitive reward for contribution to growth in shareholder wealth
- Provides a clear structure for earning rewards; and
- Provides recognition for contribution

The framework provides a mix of fixed and variable pay and a blend of short and long-term incentives. As executives gain seniority within the group, the balance of this mix shifts to a higher proportion of at risk rewards.

The board has established a remuneration committee to advise on remuneration and incentive policies and practices and to provide specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors. The Corporate Governance Statement provides further information on this committee's role.

Non-executive directors

Non-executive directors' fees and payments reflect the position's demands and responsibilities and are reviewed annually by the board. The chairman's fees are determined independently from non-executive directors' fees. The chairman is not present at any discussions relating to determination of his own remuneration. Directors have elected not to participate in the Flight Centre Limited Employee Option Plan and are not eligible to participate in the Flight Centre Limited Employee Share Plan.

Directors' fees

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for shareholder approval. The maximum currently stands at \$400,000 per annum, as approved by shareholders on 31 October 2003.

DIRECTORS'REPORT

FLIGHT CENTRE LIMITED DIRECTORS' REPORT 30 JUNE 2008

A PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION (AUDITED) CONTD.

Executive pay

The executive pay and reward framework has four components:

1. Base pay and benefits
2. Short-term performance incentives
3. Other incentives through participation in the Business Ownership Scheme (BOS), Flight Centre Limited Employee Option Plan, Senior Executive Option Plan and Employee Share Plan; and
4. Other remuneration such as superannuation contributions

The combination of these comprises the executive's total remuneration.

Base pay

The remuneration committee offers executives a guaranteed base pay element. In keeping with Flight Centre's philosophy of "what gets rewarded gets done", an executive's pay is heavily weighted towards short-term incentives.

Short-term incentives

Executives become entitled to short-term incentives if the company achieves a predetermined profit target or outcome-based key performance indicators (KPIs) or if they achieve a predescribed profit within their divisions. The remuneration committee sets annual profit targets and incentives are payable monthly. Using a profit target ensures a variable award is only available when value has been created for shareholders and when returns are consistent with the company's objectives.

Each executive's short-term incentive target is reviewed frequently each year to ensure that targets are aligned to group and company strategic goals and that the appropriate compensation is achieved.

The remuneration committee is responsible for assessing whether the KPIs are met. To help make this assessment, the committee receives detailed performance reports.

BOS interest

An integral part of various executives' positions is the opportunity to participate in the Business Ownership Scheme (BOS) unsecured note program.

The BOS program enables invited staff to invest directly in the operations of their division. Under this program, an executive makes a cash investment to participate in the growth in profits of his or her business area as the receipt of an interest return on investment. The executive is exposed to the risks of his or her business, as neither FLT nor any of its group companies guarantees returns.

Share-based compensation

Share-based compensation is available through the Flight Centre Limited Employee Option Plan, Senior Executive Option Plan and Employee Share Plan.

At the board's discretion, certain executives have been granted share options under the rules of the Senior Executive Option Plan, as established in March 2006. Options are not vested unless profit performance conditions are met. The maximum options available for each executive is limited to 20,000 for the 2007 and 2008 years.

Directors have not received any options during the year.

Executives are eligible to participate in the Employee Share Plan, in line with conditions for all staff generally. The company believes it is important for its people to see the business they run as their business and, accordingly, offers the plan to provide staff with the opportunity to take ownership by investing in FLT shares. Plan details are contained in the full financial report.

Directors are not eligible to participate in the Employee Share Plan.

Superannuation

Contributions are paid to a defined contribution superannuation fund sponsored by Flight Centre Limited. Payments are made in accordance with relevant government legislation.

B DETAILS OF REMUNERATION (AUDITED)

Amounts of remuneration

Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of the company and consolidated entity consisting of Flight Centre Limited and the entities it controlled for the year ending 30 June 2008 are set out in the following tables.

The key management personnel of FLT and the group includes the directors and the following executive officers who have authority and responsibility for planning, directing and controlling the entity's activities:

DIRECTORS' REPORT

FLIGHT CENTRE LIMITED DIRECTORS' REPORT 30 JUNE 2008

B DETAILS OF REMUNERATION (AUDITED) CONTD.

Group

- G. Dixon executive general manager North America
- C. Galanty executive general manager UK
- S. Garrett executive general manager Southern Hemisphere (Australia, NZ and RSA)
- A. Grigson executive general manager Global Corporate
- S. O'Brien chief financial officer

Parent Entity

- S. Garrett executive general manager Southern Hemisphere (Australia, NZ and RSA)
- A. Grigson executive general manager Global Corporate
- S. O'Brien chief financial officer

In line with its requirements under the Corporations Act 2001, FLT has included full remuneration details for its directors and key management personnel below. Details provided apply to the parent entity and the consolidated group for the year ended 30 June 2008 and include the nature and amount of each element of remuneration.

Key management personnel and other executives of the group

2008	SHORT-TERM EMPLOYEE BENEFITS			POST EMPLOYMENT BENEFITS		LONG-TERM BENEFITS	SHARE- BASED PAYMENTS	TOTAL
	CASH SALARY AND FEES	INCENTIVE	BOS INTEREST	SUPER- ANNUATION	TERMINATION BENEFITS*	LONG SERVICE LEAVE**	SHARE-BASED PAYMENTS	
NAME	\$	\$	\$	\$	\$	\$	\$	\$
NON-EXECUTIVE DIRECTORS								
P.R.Morahan (appointed 2 November 2007)	91,743	-	-	8,257	-	-	-	100,000
G.W.Smith (appointed 2 November 2007)	61,162	-	-	5,505	-	-	-	66,667
P.F.Barrow	90,000	-	-	-	-	-	-	90,000
H.L.Stack (resigned 2 November 2007)	29,659	-	-	2,669	-	-	-	32,328
B.R.Brown (resigned 6 November 2007)	43,295	-	-	3,897	-	-	-	47,192
Sub total non-executive directors	315,859	-	-	20,328	-	-	-	336,187
EXECUTIVE DIRECTORS								
G.F.Turner	-	30,142	-	-	-	-	-	30,142
OTHER KEY MANAGEMENT PERSONNEL								
G. Dixon ^	176,296	239,558	181,172	4,419	-	-	-	601,445
C. Galanty ^	268,037	480,783	-	36,623	-	-	7,269	792,712
S. Garrett ^ ~	144,244	446,193	-	51,350	-	1,894	7,269	650,950
A. Grigson ^ ~	142,202	355,954	701,358	42,526	-	11,592	7,269	1,260,901
S. O'Brien ^ ~	142,202	673,759	354,834	51,248	-	26,426	7,269	1,255,738
Total key management personnel compensation	1,188,840	2,226,389	1,237,364	206,494	-	39,912	29,076	4,928,075
OTHER GROUP EXECUTIVES								
D. Smith #	102,668	300,518	-	40,498	-	9,451	-	453,135

* Termination benefits include leave entitlements and redundancy payments owing to employees at the date of termination.

** Long service leave includes amounts accrued during the year.

^ Denotes one of the five highest paid group executives, as required to be disclosed under the Corporations Act 2001.

~ Denotes key management personnel and one of the five highest paid executives of the parent entity, as required to be disclosed under the Corporations Act 2001.

Denotes one of the five highest paid executives of the parent, as required to be disclosed under the Corporations Act 2001.

DIRECTORS' REPORT

FLIGHT CENTRE LIMITED DIRECTORS' REPORT 30 JUNE 2008

B DETAILS OF REMUNERATION (AUDITED) CONTD.

Key management personnel and other executives of the group

	SHORT-TERM EMPLOYEE BENEFITS			POST EMPLOYMENT BENEFITS		LONG-TERM BENEFITS	SHARE- BASED PAYMENTS	
2007	CASH SALARY AND FEES	INCENTIVE	BOS INTEREST	SUPER- ANNUATION	TERMINATION BENEFITS*	LONG SERVICE LEAVE**	SHARE-BASED PAYMENTS	TOTAL
NAME	\$	\$	\$	\$	\$	\$	\$	\$
NON-EXECUTIVE DIRECTORS								
P.F.Barrow	90,068	-	-	-	-	-	-	90,068
H.L.Stack	87,000	-	-	7,830	-	-	-	94,830
B.R.Brown	126,999	-	-	11,430	-	-	-	138,429
Sub total non-executive directors	304,067	-	-	19,260	-	-	-	323,327
EXECUTIVE DIRECTORS								
G.F.Turner	-	26,395	-	-	-	-	-	26,395
OTHER KEY MANAGEMENT PERSONNEL								
M.Aponas #	148,951	321,101	-	35,872	-	6,647	43,178	555,749
D.Burns #	38,901	35,085	-	4,527	288,932	-	-	367,445
C.Galanty^	245,988	246,223	34,478	27,543	-	-	43,178	597,410
S.Garrett	148,952	266,293	-	14,320	-	1,557	43,178	474,300
A.Grigson^	129,800	202,915	420,039	18,415	-	24,504	43,178	838,851
G.Hogan #	139,834	363,948	-	37,010	-	2,330	43,178	586,300
R.Nath	137,998	8,796	-	8,305	-	-	-	155,099
S.O'Brien^	145,451	442,943	-	44,910	-	16,473	43,178	692,955
A.Slingsby^	112,365	358,535	-	-	-	87,635	43,178	601,713
A.Spence	421,756	-	-	36,898	-	-	-	458,654
K.Stanley #	38,313	27,519	-	5,852	54,890	-	43,178	169,752
Total key management personnel compensation	2,012,376	2,299,753	454,517	252,912	343,822	139,146	345,424	5,847,950
OTHER GROUP EXECUTIVES								
G.Pringle^	148,703	359,293	-	36,033	-	7,555	43,178	594,762

* Termination benefits include leave entitlements and redundancy payments owing to employees at the date of termination.

** Long service leave includes amounts accrued during the year.

^ Denotes one of the five highest paid group executives, as required to be disclosed under the Corporations Act 2001.

Denotes executive considered one of the five highest paid executives in the prior year but no longer in the current year.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

NAME	FIXED REMUNERATION		AT RISK - STI		AT RISK - LTI	
	2008 %	2007 %	2008 %	2007 %	2008 %	2007 %
P. F. Barrow	100	100	-	-	-	-
H. L. Stack	100	100	-	-	-	-
B. R. Brown	100	100	-	-	-	-
G. F. Turner	-	-	100	100	-	-
P. R. Morahan	100	-	-	-	-	-
G. W. Smith	100	-	-	-	-	-
OTHER KEY MANAGEMENT PERSONNEL OF GROUP						
G. Dixon	29	-	71	-	-	-
C. Galanty	34	41	65	52	1	7
S. Garrett	22	27	77	64	1	9
A. Grigson	11	16	88	79	1	5
S. O'Brien	11	22	88	72	1	6

DIRECTORS'REPORT

FLIGHT CENTRE LIMITED DIRECTORS' REPORT 30 JUNE 2008

C SERVICE AGREEMENTS (AUDITED)

There are no fixed-term service agreements with any director or key management personnel of the consolidated entity. The remuneration committee reviews key management personnel remuneration annually. Standard contracts are in place for these employees. The packaged salary of the directors and key management personnel consists of fixed (retainer) and variable (incentive) components. Details of the amount of remuneration received for the year and the percentages of fixed versus variable remuneration components are disclosed in the remuneration report's Part B. Directors and key management personnel may terminate employment with the company in accordance with statutory notice periods.

D SHARE-BASED COMPENSATION (AUDITED) OPTIONS

Options are granted under the Flight Centre Limited Employee Option Plan (established in October 1997 and amended 31 October 2002) and the Senior Executive Option Plan (March 2006). Options are granted under the plans for no consideration and are exercisable over fully paid unissued ordinary FLT shares.

Challenging annual performance hurdles are set on grant date and options vest upon achieving those hurdles. The performance hurdles are generally two-fold:

1. The total group profit target to be met; and
2. The respective business unit must either meet or improve upon a predetermined profit or budget target.

The plan rules provide that the total number of options which can be on issue at any one time is limited such that the number of shares resulting from exercising of all unexercised options does not exceed 5% of the company's then issued capital.

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

GRANT DATE	DATE VESTED AND EXERCISABLE	EXPIRY DATE	EXERCISE PRICE	VALUE PER OPTION AT GRANT DATE
30 March 2006	50% on release of 2006 audited group financial statements to the market and 50% on release of 2007 audited group financial statements to the market and are granted at no consideration.	30 March 2011	\$10.66	\$1.96

Options granted under the plans carry no dividend or voting rights.

The options' exercise price is based on the weighted average price at which the company's shares are traded on the Australian Stock Exchange during the week up to and including the grant date.

Details of options over ordinary FLT shares provided as remuneration to each director of Flight Centre Limited and each of the key management personnel of the parent entity and the group are set out below. When exercisable, each option is convertible into one ordinary FLT share.

NAME	NUMBER OF OPTIONS GRANTED DURING THE YEAR		NUMBER OF OPTIONS VESTED DURING THE YEAR	
	2008 %	2007 %	2008 %	2007 %
Key management personnel of the group				
M. Aponas *	-	-	-	10,000
C. Galanty	-	-	20,000	10,000
S. Garrett	-	-	20,000	10,000
A. Grigson	-	-	20,000	10,000
G. Hogan * (resigned 1 February 2008)	-	-	-	10,000
S. O'Brien	-	-	20,000	10,000
G. Pringle * (resigned 25 January 2008)	-	-	-	10,000
A. Slingsby * (resigned 15 August 2007)	-	-	-	10,000
K. Stanley * (resigned 1 September 2006)	-	-	-	10,000
D. White *	-	-	-	10,000

* M. Aponas, G. Hogan, G. Pringle, A. Slingsby, K. Stanley and D. White are not considered KMP for 2008.

DIRECTORS'REPORT

FLIGHT CENTRE LIMITED DIRECTORS' REPORT 30 JUNE 2008

D SHARE-BASED COMPENSATION (AUDITED) OPTIONS CONTD.

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black Scholes option pricing model that considers exercise price, the option's term, the impact of dilution, the share price at grant date and the underlying share's expected price volatility, the expected dividend yield and the risk-free interest rate for the option's term.

The model inputs for options granted during the year ended 30 June 2006 included:

- (a) Options are granted for no consideration; each tranche vests and is exercisable on the release of audited accounts for the years ended 30 June 2006 and 30 June 2007 respectively.
- (b) Exercise price: \$10.66
- (c) Grant date: 30 March 2006
- (d) Expiry date: 30 March 2011
- (e) Share price at grant date: \$11.03
- (f) Expected price volatility of the company's shares: 27.91%
- (g) Expected dividend yield: 5.11%
- (h) Risk-free interest rate: 5.25%

Shares provided on exercise of remuneration options

Details of ordinary FLT shares provided as a result of the exercise of options to each director and other key management personnel of the group are set out below.

NAME	DATE OF EXERCISE OF OPTIONS	NUMBER OF ORDINARY SHARES ISSUED ON EXERCISE OF OPTIONS DURING THE YEAR	
		2008	2007
OTHER KEY MANAGEMENT PERSONNEL OF THE GROUP			
C. Galanty	27 September 2007	30,000	-
S. Garrett	18 September 2007	30,000	-
S. O'Brien	12 September 2007	30,000	-
K. Stanley (resigned 1 September 2006)	11 December 2006	-	10,000

The amounts paid per ordinary share by each director and other key management personnel on the exercise of options at the date of exercise were as follows:

EXERCISE DATE	AMOUNT PAID PER SHARE
11 December 2006	\$10.66
12 September 2007	\$10.66
18 September 2007	\$10.66
27 September 2007	\$10.66

No amounts are unpaid on any shares issued on the exercise of options.

Employee Share Plan

No shares were granted under the Employee Share Plan during the year ended 30 June 2008.

DIRECTORS' REPORT

FLIGHT CENTRE LIMITED DIRECTORS' REPORT 30 JUNE 2008

E ADDITIONAL INFORMATION (AUDITED)

Performance of Flight Centre Limited

The overall level of executive reward takes into account the group's performance over a number of years with greater emphasis given to the current and prior years. A major proportion of current executive remuneration is based on company current year results, such as profit.

Details of remuneration: cash bonuses and options

For each incentive and grant of options included in the tables on pages 29-30, the percentage of the available bonus or grant that was paid, or that vested, in the financial year and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonuses is payable in future years. The options vest over two years, provided the vesting conditions are met (see page 29). No options will vest if the conditions are not satisfied, hence the minimum value of the option yet to vest is nil. The maximum value of the options yet to vest has been determined as the amount of the grant date fair value of the options that is yet to be expensed.

INCENTIVES			OPTIONS					
NAME	PAID %	FORFEITED %	YEAR GRANTED	VESTED %	FORFEITED %	FINANCIAL YEARS IN WHICH OPTIONS MAY VEST	MINIMUM TOTAL VALUE OF GRANT YET TO VEST \$	MAXIMUM TOTAL VALUE OF GRANT YET TO VEST \$
C. Galanty	100	-	2006	75	25	2008	-	-
S. Garrett	100	-	2006	75	25	2008	-	-
A. Grigson	100	-	2006	75	25	2008	-	-
S. O'Brien	100	-	2006	75	25	2008	-	-

Share-based compensation: Options

Further details relating to options are set out below.

NAME	A REMUNERATION CONSISTING OF OF OPTIONS \$	B VALUE AT GRANT DATE \$	C VALUE AT EXERCISE DATE \$	D VALUE AT LAPSE DATE \$
C. Galanty	0.9%	-	58,800	-
S. Garrett	1.1%	-	58,800	-
A. Grigson	0.6%	-	-	-
S. O'Brien	0.6%	-	58,800	-

A = The percentage of the value of remuneration consisting of options, based on the value of options expensed during the current year.

B = The value at grant date calculated in accordance with AASB 2 Share-based payment of options granted during the year as part of remuneration.

C = The value at exercise date of options that were granted as part of remuneration and were exercised during the year, being the intrinsic value of the options at that date.

D = The value at lapse date of options that were granted as part of remuneration and that lapsed during the year.

Loans to directors and executives

There have been no loans entered into with directors and executives during the current reporting period.

At 30 June 2008, no loans were in place.

Shares under option

The following is a summary of the unissued ordinary FLT shares under option at 30 June 2008:

DATE OPTIONS GRANTED	EXPIRY DATE	ISSUE PRICE OF SHARES	NUMBER UNDER OPTION
14 July 2003	14 July 2008	\$22.46	7,200
30 March 2006	30 March 2011	\$10.66	30,000
			37,200

DIRECTORS'REPORT

FLIGHT CENTRE LIMITED DIRECTORS' REPORT 30 JUNE 2008

E ADDITIONAL INFORMATION (AUDITED)

Insurance of officers

The liabilities insured include legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company or its controlled entities. Company officers covered by the insurance policy include all directors, executive officers and the company secretaries. Disclosure of the premiums paid is prohibited under the insurance contract.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Non-audit services

The company may decide to employ the auditor on assignments additional to its statutory audit duties where the auditor's expertise and experience with the company and/or the group is important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out in the financial statements in Note 31 of the full financial report.

FLT's board has considered the position and, in accordance with the advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the auditor's provision of non-audit services did not compromise the Corporations Act 2001's auditor independence requirements for the following reason:

- None of the services undermine the general principles relating to auditor independence as set out in APES110 Code of Ethics for Professional Accountants.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out in the annual report.

Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the rounding off of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars or, in certain cases, to the nearest dollar.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

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



S. O'Brien
Acting CEO
Brisbane
2 September 2008

INCOMESTATEMENT

30 JUNE 2008

CONSOLIDATED			
	NOTES	30 JUNE 2008 \$'000	30 JUNE 2007 \$'000
Revenue from continuing operations			
Revenue from the sale of travel services	1	1,407,484	1,121,832
Other revenue	1	46,747	32,060
Total for revenue from continuing operations		1,454,231	1,153,892
Other income		1,125	21,280
Expenses			
Selling expenses		(1,061,730)	(845,084)
Administration / support expenses		(149,908)	(137,292)
Finance costs		(31,339)	(18,994)
Share of profit of joint venture and associate accounted for using the equity method		549	219
Profit before income tax expense		212,928	174,021
Income tax expense		(69,774)	(53,197)
Profit attributable to members of Flight Centre Limited		143,154	120,824
		CENTS	CENTS
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:			
Basic earnings per share		146.6	127.5
Diluted earnings per share		146.5	127.5

The above consolidated income statement should be read in conjunction with the accompanying notes.

BALANCE SHEET

30 JUNE 2008

	CONSOLIDATED	
	30 JUNE 2008 \$'000	30 JUNE 2007 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	738,638	469,225
Available-for-sale investments	246,461	166,588
Receivables	340,452	294,584
Current tax receivables	3,886	9,918
Inventories	1,548	407
Total current assets	1,330,985	940,722
Non-current assets		
Property, plant and equipment	164,768	86,906
Intangible assets	410,408	203,956
Deferred tax assets	40,789	17,230
Investments accounted for using the equity method	9,585	8,472
Derivative financial instruments	516	-
Total non-current assets	626,066	316,564
Total assets	1,957,051	1,257,286
LIABILITIES		
Current liabilities		
Trade and other payables	1,098,049	646,226
Borrowings	100,505	48,270
Provisions	6,695	3,761
Current tax liabilities	36,514	18,765
Derivative financial instruments	2,342	559
Total current liabilities	1,244,105	717,581
Non-current liabilities		
Payables	19,598	20,104
Borrowings	60,158	27,000
Deferred tax liabilities	16,063	245
Provisions	12,291	10,367
Total non-current liabilities	108,110	57,716
Total liabilities	1,352,215	775,297
Net assets	604,836	481,989
EQUITY		
Contributed equity	377,343	260,828
Reserves	(50,976)	(5,655)
Retained profits	278,469	226,816
Total equity	604,836	481,989

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

STATEMENT OF CHANGES IN EQUITY

30 JUNE 2008

	CONSOLIDATED	
	30 JUNE 2008 \$'000	30 JUNE 2007 \$'000
Total equity at the beginning of the financial year	481,989	408,062
Changes in the fair value of available-for-sale financial assets, net of tax	(18,575)	(1,277)
Changes in the fair value of cash flow hedges, net of tax	516	-
Impairment of available-for-sale assets	1,729	-
Net exchange differences on translation of foreign operations	(39,577)	2,960
Net income recognised directly in equity	(55,907)	1,683
Profit for the year	143,154	120,824
Total recognised income and expense for the year	87,247	122,507
Transactions with equity holders in their capacity as equity holders:		
Contributions of equity, net of transaction costs	116,033	-
Tax effect of equity raising costs	482	-
Dividends provided for or paid	(80,981)	(49,125)
Employee share options	66	432
Tax effect of previous share issues	-	113
	35,600	(48,580)
Total equity at the end of the financial year	604,836	481,989
Total recognised income and expense for the year attributable to:		
Members of Flight Centre Limited	87,247	122,507
	87,247	122,507

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

CASHFLOWSTATEMENT

30 JUNE 2008

CONSOLIDATED			
	NOTES	30 JUNE 2008 \$'000	30 JUNE 2007 \$'000
Cash flows from operating activities			
Receipts from customers (including GST)		1,419,878	1,103,972
Payments to suppliers and employees (including GST)		(991,036)	(842,460)
Interest received		43,938	31,740
Royalties received		747	-
Interest paid		(28,874)	(17,563)
Income taxes paid		(52,727)	(45,078)
Net cash inflow from operating activities		391,926	230,611
Cash flows from investing activities			
Payment for purchase of businesses and for additional issues of shares in subsidiaries		(110,469)	(12,919)
Payments for property, plant and equipment		(97,078)	(37,154)
Payments for intangibles		(25,060)	(9,775)
Payments for investments		(41,188)	(26,460)
Proceeds from sale of investments		57,895	43,150
Proceeds from sale of property, plant and equipment		-	34,746
Net cash outflow from investing activities		(215,900)	(8,412)
Cash flows from financing activities			
Proceeds from borrowings		117,055	1,673
Issue of shares		116,033	-
Repayment of borrowings		(27,000)	-
Dividends paid to company's shareholders	2	(80,981)	(49,125)
Net cash inflow/(outflow) from financing activities		125,107	(47,452)
Net increase in cash held		301,133	174,747
Cash and cash equivalents at the beginning of the financial year		453,101	281,571
Effects of exchange rate changes on cash and cash equivalents		(26,727)	(3,217)
Cash and cash equivalents at end of year		727,507	453,101

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

This concise financial report relates to the consolidated entity consisting of Flight Centre Limited and the entities it controlled at the end of, or during, the year ended 30 June 2008. The accounting policies adopted have been consistently applied to all years presented, unless otherwise stated.

The company is of the kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the rounding off of amounts in financial reports. Amounts in the concise financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars.

1. REVENUE

	CONSOLIDATED	
	30 JUNE 2008 \$'000	30 JUNE 2007 \$'000
Total Transaction Value (TTV)	10,881,729	8,875,020
From continuing operations		
Revenue from the sale of travel services		
Commission and fees from the provision of travel	1,069,181	841,290
Revenue from the provision of travel	312,770	264,460
Other revenue from travel services	25,533	16,082
	1,407,484	1,121,832
Other revenue		
Rents and sub lease rentals	2,062	320
Interest	43,938	31,740
Royalties	747	-
	46,747	32,060

Total Transaction Value (TTV)

TTV does not represent revenue in accordance with AIFRS. TTV represents the price at which travel products and services have been sold across the group's operations, as agent for various airlines and other service providers, plus revenue from other sources. FLT's revenue is derived from TTV.

2. DIVIDENDS

	PARENT	
	30 JUNE 2008 \$'000	30 JUNE 2007 \$'000
(a) Ordinary shares		
Final ordinary dividend for the year ended 30 June 2007 of 46 cents (2006: 32 cents) per fully paid share, paid on 12 October 2007, fully franked	43,628	30,231
Interim ordinary dividend for the year ended 30 June 2008 of 37.5 cents (2007: 20 cents) per fully paid share, paid on 28 March 2008, fully franked	37,353	18,894
	80,981	49,125
(b) Dividends not recognised at year end		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 48.5 cents (2007: 46 cents) per fully paid ordinary share fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 10 October 2008 out of retained profits at 30 June 2008, but not recognised as a liability at year end is	48,310	43,628

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

2. DIVIDENDS

	CONSOLIDATED	
	30 JUNE 2008 \$'000	30 JUNE 2007 \$'000
(c) Franked dividends		
The franked portion of the final dividend recommended after 30 June 2008 will be franked out of existing franking credits or out of franking credits arising from income tax payment in the year ending 30 June 2008.		
Franking credits available for subsequent financial years based on a 30% tax rate (2007 - 30%)	74,169	66,029

The above amounts represent the franking account balance as at the end of the financial year, adjusted for:

- (a) Franking credits that will arise from the payment of the current tax liability amount
- (b) Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- (c) Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

The consolidated amounts include franking credits that will be available to the parent entity if distributable profits of subsidiaries are paid as dividends.

Payment of the dividend recommended by the directors since year end, but not recognised as a liability at year end, will reduce the franking account by \$20,704,402 (2007: \$18,624,290).

3. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On 1 August 2008, Flight Centre Limited formed an adventure travel joint venture with specialist Melbourne-based operator Intrepid. The joint venture will see Flight Centre and Intrepid work together to develop and expand a chain of specialist adventure travel retail stores to capitalise on growing interest in the sector. To secure its 50% holding in the venture, FLT invested \$2.4million.

On 31 August 2008, FLT formalised its agreement with the Turner family in relation to a proposed joint venture cycling business. The agreement, which was foreshadowed during 2007/08, will see FLT transfer its wholesale cycle business, Advance Traders Australia (ATA), to the joint venture. 99 Bikes, which is owned by the Turner family, will transfer its Brisbane-based chain of bike shops to the joint venture. The Turner family will make an additional cash contribution to secure a 50% holding in the new joint venture. The contribution will be determined following an independent valuation of 99 Bikes' and ATA's stock at 31 August 2008. The transaction was conducted at arm's length and with independent valuations and legal advice.

No other circumstance has arisen since 30 June 2008 that has significantly affected, or may significantly affect:

- (a) The group's operations in future financial years
- (b) Those operations' results in future financial years; or
- (c) The group's state of affairs in future financial years

4. SEGMENT INFORMATION

(a) Description of segments

Business segments

Flight Centre Limited and its controlled entities operate predominantly in one business segment, the sale of travel and travel related services and products. The group is organised globally into major areas. Its primary reporting format is geographical segments.

(b) Primary reporting format - geographical segments

	AUSTRALIA \$'000	NORTH AMERICA \$'000	UNITED KINGDOM \$'000	OTHER \$'000	TOTAL CONTINUING OPERATIONS \$'000	INTERSEGMENT ELIMINATIONS/ UNALLOCATED \$'000	TOTAL \$'000
2008							
Total Transaction Value	6,423,581	1,732,887	1,193,578	1,645,693	10,995,739	[114,010]	10,881,729
Sales to external customers	863,020	203,462	162,521	180,543	1,409,546	-	1,409,546
Intersegment sales (note (iii))	74,094	1,400	14,911	504	90,909	[90,909]	-
Total sales revenue	937,114	204,862	177,432	181,047	1,500,455	[90,909]	1,409,546
Share of net profits of associate (note (iii))	325	224	-	-	549	-	549
Unallocated revenue							44,685
Total segment revenue/income							1,454,780
Segment result pre royalties	139,928	[9,781]	21,628	27,718	179,493	-	179,493
Royalties	20,366	[2,124]	[1,863]	[16,379]	-	-	-
Segment result	160,294	[11,905]	19,765	11,339	179,493	-	179,493
Unallocated revenue less unallocated expenses							33,435
Profit before income tax							212,928
Income tax expense							[69,774]
Profit for the year							143,154
Segment assets	927,628	515,401	248,040	220,872	1,911,941	-	1,911,941
Unallocated assets							45,110
Total assets							1,957,051
Segment liabilities	610,963	374,055	113,512	119,678	1,218,208	-	1,218,208
Unallocated liabilities							134,007
Total liabilities							1,352,215
Investments in associate and joint venture partnership (note (iii))	1,754	7,831	-	-	9,585	-	9,585
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	84,203	252,092	9,760	19,073	365,128	-	365,128
Depreciation and amortisation expense	22,265	9,654	4,110	8,028	44,057	-	44,057
Impairment of assets	-	-	-	-	-	-	-
Other non-cash expenses	11,939	839	1,631	3,651	18,060	-	18,060

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

4. SEGMENT INFORMATION

	AUSTRALIA \$'000	NORTH AMERICA \$'000	UNITED KINGDOM \$'000	OTHER \$'000	TOTAL CONTINUING OPERATIONS \$'000	INTERSEGMENT ELIMINATIONS/ UNALLOCATED \$'000	TOTAL \$'000
2007							
Total Transaction Value	5,498,446	821,465	1,155,582	1,494,080	8,969,573	(94,553)	8,875,020
Sales to external customers	708,614	106,010	146,407	161,133	1,122,164	(332)	1,121,832
Intersegment sales (note (ii))	62,240	713	4,050	660	67,663	(67,663)	-
Total sales revenue	770,854	106,723	150,457	161,793	1,189,827	(67,995)	1,121,832
Share of net profits of associate (note (iii))	-	219	-	-	219	-	219
Unallocated revenue							31,824
Total segment revenue/income							1,153,875
Segment result pre royalties	101,854	1,729	18,220	21,919	143,722	(157)	143,565
Royalties	14,512	-	-	(14,512)	-	-	-
Segment result	116,366	1,729	18,220	7,407	143,722	(157)	143,565
Unallocated revenue less unallocated expenses							30,456
Profit before income tax							174,021
Income tax expense							(53,197)
Profit for the year							120,824
Segment assets	680,345	70,500	262,397	216,451	1,229,693	(10)	1,229,683
Unallocated assets							27,603
Total assets							1,257,286
Segment liabilities	412,190	28,003	134,869	148,994	724,056	823	724,879
Unallocated liabilities							50,418
Total liabilities							775,297
Investments in associate and joint venture partnership (note (iii))	-	8,472	-	-	8,472	-	8,472
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	40,487	6,889	4,448	12,401	64,225	-	64,225
Depreciation and amortisation expense	21,515	4,324	4,180	6,143	36,162	-	36,162
Impairment of assets	4,643	-	-	243	4,886	-	4,886
Other non-cash expenses	13,561	1,230	1,203	2,794	18,788	-	18,788

(c) Notes to and forming part of the segment information

(i) Accounting policies

Segment information conforms with the entity's accounting policies as disclosed in accounting standard AASB 114 Segment Reporting.

Segment revenues, expenses, assets and liabilities are directly attributable to a segment and the relevant portion that can be reasonably allocated to the segment. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment, goodwill and other intangible assets, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors, employee benefits and provision for service warranties. Segment assets and liabilities do not include income taxes.

(ii) Intersegment transfers

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an arm's length basis and are eliminated on consolidation.

(iii) Unallocated revenue and expenses

Unallocated revenue and expenses include such items as interest and foreign exchange gains.

DIRECTORS' DECLARATION

30 JUNE 2008

The directors declare that in their opinion, the concise financial report of the consolidated entity for the year ended 30 June 2008 as set out on pages 33-40 complies with Accounting Standard AASB 1039: Concise Financial Reports.

The concise financial report is an extract from the full financial report for the year ended 30 June 2008. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

The concise financial report 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, which is available on request.

This declaration is made in accordance with a resolution of the directors.



S. O'Brien

Acting CEO

Brisbane

2 September 2008

Independent auditor's report to the members of Flight Centre Limited

Report on the concise financial report

The accompanying concise financial report of Flight Centre Limited comprises the statement of financial position as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended and related notes, derived from the audited financial report of Flight Centre Limited for the year ended 30 June 2008. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and presentation of the concise financial report in accordance with Australian Accounting Standard AASB 1039 Concise Financial Reports, and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation of the concise financial report; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of Flight Centre Limited for the year ended 30 June 2008. Our audit report on the financial report for the year was signed on 2 September 2008 and was not subject to any modification. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

Our procedures in respect of the concise financial report included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with the Accounting Standard AASB 1039 Concise Financial Reports.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the concise financial report.

For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

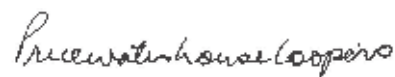
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Flight Centre Limited on 2 September 2008, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's opinion on the financial report

In our opinion, the concise financial report of Flight Centre Limited for the year ended 30 June 2008 complies with Australian Accounting Standard AASB 1039 Concise Financial Reports.

Auditor's opinion on the AASB 124 remuneration disclosures contained in the directors' report

In our opinion the remuneration disclosures that are contained in pages 25-31 of the directors' report comply with section 300A of the Corporations Act 2001.



PricewaterhouseCoopers



R A Baker
Partner

Brisbane
2 September 2008

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Company vision, purpose and philosophies

For our company to survive, grow and prosper for the next 100 years and beyond, we must clearly define and live by our vision, purpose and philosophies. We must protect and further develop our company culture and philosophies. Our culture must be robust and independent, with the ability to outlive our current and future leaders.



OUR VISION

'To be the world's most exciting travel company, delivering an amazing experience to our people, customers and partners.'

OUR PURPOSE

'To open up the world for those who want to see.'

For our people this means our purpose is to open up their world by helping them develop professionally and personally.

For our customers this means opening up their world through the exciting medium of well-organised, targeted and great value travel experiences.

For our shareholders it is giving them a magnificent return on their investment.

OUR PHILOSOPHIES

1. OUR PEOPLE

Our company is our people. We care for our colleagues' health and wellbeing, their personal and professional development and their financial security. We believe that work should be challenging and fun for everyone and through work we contribute to our community.

2. OUR CUSTOMER

We recognise that our customers always have a choice. Therefore a superior customer service experience, provided with honesty, integrity and a great attitude, is key to our company's success, as is the travel experience we provide.

3. PROFIT

A fair margin resulting in a business profit is the key measure of whether we are providing our customers with a product and service they value.

4. OWNERSHIP

We believe each individual in our company should have the opportunity to share in the company's success through outcome-based incentives, profit share, BOS (franchises) and Employee Share Schemes. It is important that business leaders and business team members see the business they run as their business.

5. INCENTIVES

Incentives are based on measurable and reliable outcome-based KPIs. We believe that 'what gets rewarded gets done'. If the right outcomes are rewarded, our company and our people will prosper.

6. BRIGHTNESS OF FUTURE

We believe our people have the right to belong to a Team (family), a Village, an Area (tribe) and Nation (hierarchy) that will provide them with an exciting future and a supportive working community. They also have the right to see a clear pathway to achieving their career goals. Promotion and transfers from within will always be our first choice.

7. OUR STANDARD SYSTEMS – ONE BEST WAY

In our business there is always 'one best way' to operate. These are standard systems employed universally until a better way is shown. This improved way becomes the 'one best way system'. We value common sense over conventional wisdom.

8. FAMILY, VILLAGE, TRIBE

Our structure is simple, lean, flat and transparent, with accessible leaders. There is a maximum of 4 and sometimes 5 layers. The village is an unfunded, self-help support group that forms an integral part of our structure.

1. Teams (the family) (minimum 3, maximum 7 members)
Villages (minimum 3, maximum 7 teams)
2. Areas (tribe) (minimum 10, maximum 20 teams)
3. Nations (minimum 8, maximum 15 areas)
4. Regions/States/Countries (minimum 4, maximum 8 nations)
5. Global Executive Team/Board.

9. TAKING RESPONSIBILITY

We take full responsibility for our own success or failure. We do not externalise. We accept that we have total ownership and responsibility, but not always control. As a company we recognise and celebrate our individual and collective successes.

10. EGALITARIANISM AND UNITY

In our company, we believe that each individual should have equal privileges and rights. In Leisure and Corporate, in Australia and overseas, and in organically grown and acquired businesses, there should be no 'them and us'.

