APPENDIX 4D

FLIGHT CENTRE LIMITED (FLT)
ABN 25 003 377 188

FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

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Results for announcement to the market

Results in brief

	Dec 2010 $m	Dec 2009 $m	Change $m	Change %
Total transaction value (TTV)[1]	**5,668.4**	5,055.8	612.6	12%
Revenue [2]	**916.6**	818.5	98.1	12%
Gross profit	**791.6**	722.8	68.8	10%
Net profit before tax	**101.1**	73.6	27.5	37%
Net profit after tax	**70.5**	51.1	19.4	38%

1. Total transaction value (TTV) does not represent revenue in accordance with Australian Accounting standards. TTV represents the price at which travel products and services have been sold across the group's various operations, as agent for various airlines and other service providers, plus revenue from other sources. Flight Centre's revenue is, therefore, derived from TTV.

2. Revenue from the sale of travel services is recorded at the time of issuing travel documents, consistent with an agency relationship. A portion of the United Kingdom (UK) business recognises revenue on an availed basis under a principal relationship, due to the different rules and regulations governing Flight Centre’s operations in the UK. The revenue from the sale of travel services and the cost of travel services is disclosed separately for all principal relationships. The treatment in the UK has no influence on the overall group’s operations as an agent.

Dividends	Amount per Security Cents	100% Franked Amount Cents
30 June 2010		
Interim dividend	26.0	26.0
Final dividend[3]	44.0	44.0
31 December 2010		
Interim dividend[4]	**36.0**	**36.0**

3. Final dividend of 44.0 cents per share for the period ending 30 June 2010, was declared 24 August 2010.

4. The record date for determining entitlements to the interim dividend of 36 cents per share is 11 March 2011. The payment date for the interim dividend is 1 April 2011.

Net tangible assets	Dec 2010 $	Dec 2009 $
Net tangible asset backing per ordinary security	**3.28**	2.56

The report is based on accounts which have been reviewed by the auditor of Flight Centre Limited. There have been no matters of disagreement and a report of its review appears in the Half Year Financial Report.

Directors' report

Your directors present their report on the consolidated entity consisting of Flight Centre Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2010.

Directors

The following persons were directors of Flight Centre Limited for the full half year and up to the date of this report:

G.F. Turner
P.R. Morahan
P.F. Barrow
G.W. Smith

Review of operations and results

Flight Centre Limited (FLT) today announced record first half profit results.

The company recorded a 37% increase in profit before tax (PBT) to $101.1million during the six months to December 31, 2010 and a 38% increase in net profit after tax (NPAT) to $70.5million.

Both results easily surpassed the company's previous first half records, with PBT and NPAT up 11% and 15% respectively in comparison to the highs achieved during the first half of 2007/08.

First half earnings per share reached a record 70.6cents, up from 51.3cents.

Healthy sales growth in most geographies led to a 12% increase in global TTV to $5.7billion.

Income margin (gross profit as a percentage of TTV) was 14.0%.

FLT continued to expand its sales force, with selling staff numbers increasing 13% over the past year to 10,702 (excluding India, which was reconsolidated into FLT's accounts during the second half of 2009/10).

Global business numbers increased 10% year-on year or 6% excluding India.

In addition to growing its established businesses and brands globally, FLT:

- Acquired 80% of gapyear.com, a UK-based social networking and travel site, and the remaining 74% interest in US corporate travel business Garber
- Developed new brands to target market niches. Examples include discountcruises.com in the USA, Canada and South Africa and hotcaribbeandeals.com in the USA; and
- Exported existing brands and businesses to new geographies. The company has launched Cruiseabout, Student Flights and Round-The-World Experts in New Zealand, Student Flights and Escape Travel in the UK, flightcenter.com in the USA and Flight Centre-branded websites in Hong Kong, China, Singapore and Dubai

In terms of cash and cash flow, FLT's global cash and investment portfolio totalled $796million at December 31, 2010, compared to $726million one year earlier.

FLT's cash holdings included $249.9million in general funds, compared to $230million at December 31, 2009.
Total borrowings were $166million, giving the company an $84million positive net debt position at December 31, 2010.
Cash flow followed its normal pattern, with FLT recording an operating cash outflow during its seasonally slower first half after paying funds that accumulated during the second half of 2009/10 to suppliers. The company expects a large second half inflow, as funds again accumulate during peak booking periods.

Within FLT's businesses, results improved in all geographies, with Australia, the UK, Canada and the emerging Asia and Middle East businesses delivering record first half EBIT.

South Africa recorded healthy year-on-year EBIT growth, while results in New Zealand improved slightly.

In the US, trading losses decreased moderately, ahead of the key profit months.

Outlook – 2010 / 11

While FLT has started the year well, the company has not amended its 2010/11 guidance. It will continue to target a PBT between $220million and $240million, excluding any abnormal items that may arise. If achieved, this will represent 10-20% growth on the $198.5million 2009/10 result.

Since the start of the second half, several events have affected the broader travel sector including unrest in Cairo, cyclones in North Queensland and the tragic floods in parts of Queensland and Australia's southern states.

These events have adversely impacted tourism to the affected regions, but have not materially affected FLT's earnings as travellers have typically opted to postpone holidays or travel to alternative destinations rather than cancel plans.

In leisure travel, enquiry levels and profits have been reasonable, but customers have been cautious and focused on value. The company is not yet seeing the same levels of consumer confidence experienced during the fourth quarter of 2009/10.

By contrast, the global corporate travel sector was recovering during the corresponding period last year and should continue to deliver healthy growth.

In addition to its ongoing business improvement initiatives, FLT will continue to focus on six key areas globally during the second half.

These areas are:
- Attracting and retaining the right leaders in the right numbers through FLT's graduate recruitment program and other key initiatives
- Sourcing and manufacturing unique air and land product for FLT customers
- Using FLT's "One Best Way" concept in all major areas, such as brand guides and customer systems
- Applying effective business growth systems and milestones follow-up on new, emerging and acquired businesses
- Enhancing FLT's global distribution system for air, land and the web; and
- Defending FLT's model and growing market share in and against other internet products

FLT continues to develop comprehensive online offerings to complement its bricks and mortar businesses throughout the world.

These offerings now include:
- Transactional websites, including accommodation site quickbeds.com and flightcenter.com in the USA, both of which have been growing consistently
- Sites that predominantly generate enquiry for retail shops. For example,flightcentre.com
- Direct brands that generate enquiry which is serviced online or via the phone. Examples include roundtheworldexperts.co.uk, discountcruises.com and baliholidaypackages.com.au; and
- Flight Centre branded websites that operate in countries where FLT does not have a retail shop presence. Examples include flightcentre.com.hk in Hong Kong

In Australia, FLT has reaffirmed its support to the domestic tourism sector and will work with tourism bodies and its suppliers to stimulate visitor numbers.

Several factors point to further growth opportunities in international travel including:
- The continued availability of cheap international airfares
- Relatively low unemployment; and
- The Australian dollar's current strength, which means spending money now stretches further in some key overseas markets

In the USA, FLT continues to target stronger sales results and a positive full year EBIT contribution from the combined Liberty, GOGO and FCm Travel Solutions business. The business lost $2.3million (normalised) at EBIT level last year.

The FCm corporate travel business is on track to deliver a record full year profit and is gaining scale, with new offices opening in Washington DC and New York City during the first half and a Seattle office opening late in the second half of 2009/10.

Liberty and wholesaler GOGO are again expected to trade profitably during the second half as US customers book their summer vacations.
While Liberty is not currently impaired, FLT continues to closely monitor the US retail business's current and forecast performance to ensure the associated goodwill balance is appropriate.

Dividends - Flight Centre Limited

FLT's directors today declared a 36.0 cents per share fully franked interim dividend payable on 1 April 2011 to shareholders registered on 11 March 2011. This represents a 51% return of after-tax profit to shareholders, in line with FLT's current policy of returning 50-60% of after-tax profit, subject to the business's needs. The interim dividend paid for the half year ended 31 December 2009 was 26.0 cents per share.

The board will continue to consider FLT's growth requirements, its current cash position, market conditions and the need to maintain a healthy balance sheet, when determining future returns.

Matters subsequent to the end of the financial year

There are no significant events after the end of the reporting period which have come to our attention.

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 on page 6.

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 and financial statements. Amounts in the directors' report and financial statements have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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

G.W. Smith
Director
21 February 2011

Auditor's Independence Declaration

As lead auditor for the review of Flight Centre Limited for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been:

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

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

This declaration is in respect of Flight Centre Limited and the entities it controlled during the period.

Steven Bosiljevac
Partner
PricewaterhouseCoopers

Brisbane
21 February 2011

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Flight Centre Limited
Consolidated Balance Sheet
31 December 2010

	Notes	**As at 31 December 2010 $'000**	As at 30 June 2010 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7	**721,250**	903,329
Available-for-sale financial assets		**64,999**	80,648
Other financial assets	8	**9,790**	15,474
Trade and other receivables		**327,156**	331,910
Current tax receivables		**11,566**	10,884
Inventories		**909**	1,035
Derivative financial instruments		**-**	1,019
Other current assets		**1,484**	1,264
Total current assets		**1,137,154**	1,345,563
Non-current assets			
Property, plant and equipment		**144,787**	148,415
Intangible assets	9	**385,031**	403,948
Investments accounted for using the equity method		**6,350**	15,304
Deferred tax assets		**55,160**	62,151
Derivative financial instruments		**497**	-
Other assets		**4,728**	2,928
Total non-current assets		**596,553**	632,746
Total assets		**1,733,707**	1,978,309
LIABILITIES			
Current liabilities			
Trade and other payables		**766,718**	978,046
Borrowings		**94,555**	93,067
Provisions		**11,146**	10,111
Current tax liabilities		**31,929**	55,457
Derivative financial instruments		**4,245**	935
Total current liabilities		**908,593**	1,137,616
Non-current liabilities			
Trade and other payables		**17,340**	16,310
Borrowings		**71,455**	84,998
Provisions		**16,246**	17,893
Deferred tax liabilities		**7,567**	10,840
Total non-current liabilities		**112,608**	130,041
Total liabilities		**1,021,201**	1,267,657
Net assets		**712,506**	710,652
EQUITY			
Contributed equity	10	**379,164**	378,931
Reserves		**(68,045)**	(43,081)
Retained profits		**401,387**	374,802
Total Equity		**712,506**	710,652

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

	Notes	Half year ended 31 December 2010 $'000	31 December 2009 $'000
Revenue			
Revenue from the sale of travel services	2	**751,625**	695,693
Revenue from the sale of travel as principal	2	**143,298**	108,420
Other revenue	2	**21,704**	14,371
Total revenue		**916,627**	818,484
Cost of travel as principal		**(125,055)**	(95,722)
Gross profit		**791,572**	722,762
Other income	3	**3,059**	4,418
Expenses			
Selling expenses	4	**(501,061)**	(462,629)
Administration / support expenses	4	**(170,013)**	(177,118)
Finance costs	4	**(15,402)**	(13,202)
Other expenses	4	**(6,728)**	-
Share of profit / (loss) of joint venture and associates accounted for using the equity method		**(307)**	(595)
Profit before income tax expense		**101,120**	73,636
Income tax expense		**(30,630)**	(22,500)
Profit attributable to members of Flight Centre Limited		**70,490**	51,136
Earnings per share for profit attributable to the ordinary equity holders of the company:		**Cents**	Cents
Basic earnings per share	6	**70.6**	51.3
Diluted earnings per share	6	**69.9**	51.3

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

	Half year ended	
	31 December 2010 $'000	31 December 2009 $'000
Profit attributable to members of Flight Centre Limited	**70,490**	51,136
Other comprehensive income		
Changes in the fair value of available-for-sale financial assets	**1,255**	3,801
Changes in the fair value of cash flow hedges	**1,553**	-
Net exchange differences on translation of foreign operations	**(27,782)**	(24,259)
Income tax expense on items of other comprehensive income	**(998)**	(1,605)
Other comprehensive income	**(25,972)**	(22,063)
Total comprehensive income for the period attributable to members of Flight Centre Ltd	**44,518**	29,073

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2009	377,602	(7,169)	240,256	610,689
Total comprehensive income for the year	-	(22,063)	51,136	29,073
Transactions with owners in their capacity as owners:				
Shares issued	315	-	-	315
Employee share options	-	239	-	239
Balance at 31 December 2009	377,917	(28,993)	291,392	640,316
Balance at 1 July 2010	**378,931**	**(43,081)**	**374,802**	**710,652**
Total comprehensive income for the year		**(25,972)**	**70,490**	**44,518**
Transactions with owners in their capacity as owners:				
Dividends provided for or paid			**(43,905)**	**(43,905)**
Shares issued	**233**			**233**
Employee share options	**-**	**1,008**		**1,008**
Balance at 31 December 2010	**379,164**	**(68,045)**	**401,387**	**712,506**

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

Flight Centre Limited
Consolidated Statement of Cash Flows
31 December 2010

	Notes	**Half year ended** **31 December 2010 $'000**	31 December 2009 $'000
Cash flows from operating activities			
Receipts from customers (including GST)		**780,503**	733,021
Payments to suppliers and employees (including GST)		**(862,467)**	(796,627)
Interest received		**18,853**	11,856
Royalties received		**277**	263
Dividends received		**388**	-
Interest paid		**(15,561)**	(12,179)
Income taxes paid		**(48,458)**	(4,559)
Net cash outflow from operating activities		**(126,465)**	(68,225)
Cash flows from investing activities			
Payment for purchase of businesses (net cash outflow)		**(5,281)**	-
Payments for property, plant and equipment		**(22,738)**	(7,489)
Proceeds from the sale of property, plant and equipment		**-**	40
Payments for intangibles		**(2,028)**	(1,099)
Payments for investments		**-**	(1)
Proceeds from sale of investments		**24,612**	1,404
Loans advanced to related parties		**(2,356)**	(1,506)
Loans repaid by related parties		**299**	-
Net cash outflow from investing activities		**(7,492)**	(8,651)
Cash flows from financing activities			
Proceeds from borrowings		**24,773**	32,891
Repayment of borrowings		**(15,988)**	(12,736)
Proceeds from issue of shares		**487**	573
Dividends paid to company's shareholders	5	**(43,905)**	-
Net cash (outflow) /inflow from financing activities		**(34,633)**	20,728
Net decrease in cash held		**(168,590)**	(56,148)
Cash and cash equivalents at the beginning of the half year		**892,898**	691,973
Effects of exchange rate changes on cash and cash equivalents		**(6,641)**	(11,512)
Cash and cash equivalents at end of the half year	7	**717,667**	624,313

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

This general purpose financial report for the interim half year reporting period ended 31 December 2010 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by Flight Centre Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The group has not elected to adopt any new or amended financial reporting standards during the half year ended 31 December 2010.

	Half year ended	
	31 December 2010 $'000	31 December 2009 $'000
2 Revenue		
Total transaction value (TTV)[1]	**5,668,371**	5,055,755
Revenue from the sale of travel services		
Commission and fees from the provision of travel	**530,231**	504,597
Revenue from the provision of travel	**175,520**	153,186
Other revenue from travel services	**45,874**	37,910
	751,625	695,693
Revenue from the sale of travel as principal	**143,298**	108,420
Other revenue		
Rents and sub-lease rentals	**2,420**	2,057
Interest	**19,033**	12,066
Royalties	**251**	248
	21,704	14,371

1. Total transaction value (TTV) does not represent revenue in accordance with Australian Accounting Standards. TTV represents the price at which travel products and services have been sold across the group's various operations, as agent for various airlines and other service providers, plus revenue from other sources. Flight Centre's revenue is derived from TTV.

	Half year ended	
	31 December 2010 $'000	31 December 2009 $'000

3 Other income

Net foreign exchange gains	**-**	4,418
Gain on revaluation of investment	**744**	-
Gain on revaluation of financial assets	**2,315**	-
	3,059	4,418

4 Expenses

Profit before income tax includes the following specific expenses:

Depreciation, Amortisation and Impairment		
Depreciation and amortisation	**23,771**	26,682
Finance costs		
Interest and finance charges paid / payable	**15,402**	13,202
Other		
Net foreign exchange losses	**6,728**	-

5 Dividends

Ordinary shares

Final fully franked ordinary dividend for the year ended 30 June 2010 of 44.0 cents (2009: nil) per fully paid share.	**43,905**	-
	43,905	-

Dividends not recognised at the end of the half year

In addition to the above dividends, since half year end the directors have recommended the payment of an interim dividend of 36.0 cents (2009: 26.0 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 1 April 2011 out of retained profits at 31 December 2010, but not recognised as a liability at the end of the half year is $35,924,908 (2009: $25,917,023).

6 Earnings per share

	Half year ended 31 December 2010	Half year ended 31 December 2009
Basic earnings per share	**Cents**	Cents
Profit attributable to the ordinary equity holders of the company	**70.6**	51.3
Diluted earnings per share		
Profit attributable to the ordinary equity holders of the company	**69.9**	51.3
Reconciliations of earnings used in calculating earnings per share	**$'000**	$'000
Profit attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	**70,490**	51,136
Weighted average number of shares used as the denominator	**Number**	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**99,785,461**	99,680,738
Adjustments for calculation of diluted earnings per share:		
Options	**1,000,000**	75,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**100,785,461**	99,755,738

7 Cash and cash equivalents

	As at 31 December 2010 $'000	As at 30 June 2010 $'000
Cash at bank and on hand	**249,872**	322,332
Client account	**471,378**	580,997
	721,250	903,329
Reconciliation to Statement of Cash Flows		
Cash and cash equivalents	**721,250**	903,329
Bank overdrafts	**(3,583)**	(10,431)
Balance per Statement of Cash Flows	**717,667**	892,898

8 Other financial assets

	As at 31 December 2010 $'000	As at 30 June 2010 $'000
Debt securities (at fair value through profit and loss)	**9,790**	15,474

9 Intangible assets

	As at 31 December 2010 $'000	As at 30 June 2010 $'000
Goodwill	**312,711**	325,682
Brand names and customer relationships	**54,911**	59,352
Other intangibles	**17,409**	18,914
	385,031	403,948
Reconciliation of Goodwill		
Opening book value	**325,682**	330,803
Acquisitions	**15,812**	16,937
Deferred consideration	**91**	(2,023)
Exchange difference	**(28,874)**	(20,035)
Closing book value	**312,711**	325,682

10 Contributed equity

	31 December 2010 Shares	30 June 2010 Shares	31 December 2010 $'000	30 June 2010 $'000
Share capital				
Fully paid ordinary shares	**99,791,411**	99,780,631	**379,164**	378,931

11 Interests in joint ventures and associates

	Ownership Interest	
	31 December 2010	30 June 2010
Joint Ventures		
Employment Office Australia Pty Ltd	**50%**	50%
Intrepid Retail Group Pty Ltd	**50%**	50%
Pedal Group Pty Ltd	**50%**	50%
Back Roads Touring Co. Ltd	**75%**	75%
Associates		
Garber's Travel Service, Inc.	**-**[1]	26%

1. Garber's Travel Service, Inc is incorporated in the United States of America. On 17 December 2010 Flight Centre USA Inc (100% subsidiary of Flight Centre Limited) purchased the remaining 74% of Garber's Travel Service, Inc and accordingly accounted for the investment as a subsidiary at 31 December 2010. Refer note 12 Business Combinations for acquisition accounting.

12 Business combinations

Current year acquisition – The Gapyear Company Limited

(i) Summary of acquisition

On 7 October 2010, Flight Centre (UK) Limited purchased 80% of shares in The Gapyear Company Limited (Gapyear) for £800k. As part of the purchase agreement Flight Centre (UK) Limited also have an option to acquire the remaining 20% of shares from founder Tom Griffiths. The acquisition will allow cost effective generation of travel-related enquiry in the "gap year" niche market and generate advertising revenue. Flight Centre (UK) Limited is a 100% subsidiary of Flight Centre Limited.

From the date of acquisition to half year, Gapyear contributed a net loss of $101k and revenue of $57k to Flight Centre Limited. Had the acquisition occurred on 1 July 2010, net loss for the half year ended 31 December 2010 attributable to Gapyear would have been $106k and revenue of $179k.

Flight Centre Limited has provisionally recognised the fair values of the identifiable assets and liabilities of Gapyear based on the best information available at the reporting date. Provisional business combination accounting is detailed below. These amounts have been calculated using the group's accounting policies.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	$'000
Purchase consideration	
Cash paid	1,292
Contingent consideration[1]	441
Deferred consideration	309
Total purchase consideration	2,042
Fair value of net identifiable assets acquired	44
Goodwill	**1,998**

1. Deferred and contingent consideration arose on acquisition in relation to the option to acquire the remaining 20% of shares. Deferred consideration has been recognised for the minimum payment required to acquire the remaining 20%. The fair value of contingent consideration of $441k was estimated by applying the income approach. The fair value estimates are based on a discount rate of 15.9% (group WACC) and assumed probability adjusted NPAT of Gapyear of between £785k and £873k.

(ii) Outflow of Cash

Outflow of cash to acquire subsidiary	
Cash consideration	1,292
Less: Cash acquired	(44)
Outflow of cash	**1,248**

(iii) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:	Acquiree's carrying amount $'000	Fair value $'000
Cash and cash equivalents	44	44
Accounts receivable	100	100
Property, plant and equipment	27	27
Trade creditors	(17)	(17)
Provision for tax	(43)	(43)
Non current trade creditors	(67)	(67)
Net identifiable assets acquired	**44**	**44**

(iv) Acquisition related costs

Acquisition-related costs of $21k are included in other expenses in profit or loss and in operating cash flows in the statement of cash flows.

12 Business combinations (continued)

Current year acquisition – Garber's Travel Service, Inc

(i) Summary of acquisition

On 17 December 2010, Flight Centre USA Inc. (a subsidiary of Flight Centre Limited) acquired the remaining 74% shareholding of Garber's Travel Service, Inc., a travel agency group based in Boston in the United States.

From the date of acquisition to year end, Garber's Travel Service, Inc. group (Garber) has contributed a net loss of $4k to Flight Centre Limited and revenue of $840k. Had the acquisition occurred on 1 July 2010, the net loss for the half year ended 31 December 2010 attributable to Garber would have been $55k and revenue of $11,043k.

Flight Centre Limited has provisionally recognised the fair values of the identifiable assets and liabilities of Garber based on the best information available at the reporting date. Provisional business combination accounting is detailed below. These amounts have been calculated using the group's accounting policies.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	$'000
Purchase consideration	
Cash paid	10,485
Deferred consideration	713
Fair value of previously held equity interest	7,927
Total purchase consideration	19,125
Fair value of net identifiable assets acquired	5,311
Goodwill	**13,814**

A gain of $744k was recognised in revaluing the previously held equity interest to fair value at the date of acquisition and is reported in Other Income Note 3.

The goodwill is attributable to the increased access to the United States corporate travel market which will contribute to overall revenue and profitability of the group.

(ii) Outflow of Cash

Outflow of cash to acquire subsidiary:	
Cash consideration	10,485
Less: Cash acquired	(6,486)
Outflow of cash	**3,999**

(iii) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:	**Acquiree's carrying amount $'000**	**Fair value $'000**
Cash and cash equivalents	6,486	6,486
Accounts receivable	1,216	1,216
Other assets	231	231
Property, plant and equipment	178	178
Investments	118	-
Deferred tax assets	495	495
Trade and other payables	(1,956)	(1,956)
Provisions	(688)	(1,339)
Net identifiable assets acquired	**6,080**	5,311

The fair value of assets and liabilities acquired are based on book values with adjustments for tangible assets where the fair value can be measured reliably. Acquisition provisions were created of $651k for termination payments payable to three existing employees. Per the employee contracts termination payments were payable upon the acquisition of Garber by an external third party.

(iv) Acquisition related costs

Acquisition related costs of $213k have been recorded as an expense in the profit and loss and in operating cash flows in the statement of cash flows.

13 Segment information

(i) Description of segments

Flight Centre Limited has identified its operating segments based on the internal reports that are reviewed and used by the board of directors and executive team (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The executive team currently consists of the following members:

- Managing Director;
- Chief Financial Officer;
- Executive General Manager – Asia;
- Executive General Manager – Air, Land and IT;
- Executive General Manager – Corporate;
- Executive General Manager – Marketing; and
- Executive General Manager – Peopleworks.

The board of directors and executive team consider, organise and manage the business from a geographic perspective, being the country of origin where the service was provided. Discrete financial information about each of these operating businesses is reported to the board of directors and executive team on a monthly basis, via the preparation of a group Financial Report.

Three reportable segments have been identified based on the information included in the group Financial Report, including the aggregation of four operating segments for Australia. The aggregation was on the basis of similarity of service provided, economic returns and regulatory environment.

For the period ended 31 December 2009, two operating segments, being United States and Canada, were aggregated into one reportable segment, North America. The aggregation was on the basis of similarity of service provided, economic returns and regulatory environment. For the period ended 30 June 2010 it was decided that these two segments would no longer be aggregated. This has also been applied at 31 December 2010. Both segments are organised and managed by separate management teams in separate geographic locations.

(ii) Types of products and services

Flight Centre Limited and its controlled entities, operate predominately in the sale of travel and travel-related services industry. As indicated above, the group is organised and managed globally into geographic areas.

(iii) Segment information presented to the board of directors and executive team

The segment information provided to the board of directors and executive team for the reportable segments for the half years ended 31 December 2010 and 31 December 2009 is as follows:

	Australia $'000	**United States[1] $'000**	**United Kingdom[2] $'000**	**All other segments $'000**	**Total $'000**
31 December 2010					
TTV	**3,390,849**	**586,422**	**522,100**	**1,169,000**	**5,668,371**
Total segment revenue	**440,053**	**83,214**	**71,963**	**200,114**	**795,344**
Adjusted EBIT	**85,034**	**(6,999)**	**8,868**	**6,553**	**93,456**
31 December 2009					
TTV	2,978,510	727,048	482,176	868,021	5,055,755
Total segment revenue	408,851	98,840	68,836	145,645	722,172
Adjusted EBIT	77,484	(10,889)	6,933	(4,659)	68,869

1. December 2009 TTV has been restated to correct a US TTV recognition misstatement and has no impact on prior year profit or gross profit.
2. December 2009 United Kingdom segment revenue has been restated to exclude the principal adjustment to align with information provided to the board of directors and executive team. This has no impact on prior year profit or gross profit.

(iv) Segment measure

The board of directors and executive team assess the performance of the operating segments based on a measure of adjusted EBIT. This measurement basis excludes the effects of non-recurring expenditure from the operating segments, deferred consideration and foreign exchange impacts on intercompany loans.

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

	Consolidated 2010 $'000	Consolidated 2009 $'000
Adjusted EBIT	**93,456**	68,869
Interest expense	**(4,281)**	(3,005)
Interest revenue	**13,629**	9,444
Net interest income / expense	**9,348**	6,439
Deferred consideration	**225**	(15)
Foreign exchange gains on intercompany loans	**(3,720)**	(1,680)
Profit on revaluation of investment	**744**	-
Other non-material items	**1,067**	23
Profit before income tax	**101,120**	73,636

There has been no material change in the assets of the three reportable segments since the last annual financial statements.

14 Contingencies

Since the last annual reporting date, there has been no material change in any contingent assets or liabilities. No material losses are anticipated in respect of any contingent liabilities.

15 Events occurring after the end of the reporting period

There are no significant events after the end of the reporting period which have come to our attention.

Directors' declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 7 to 19 are in accordance with the *Corporations Act 2001,* including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half year ended on that date; and

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

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

G.W.Smith
Director

21 February 2011

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Flight Centre Limited, which comprises the balance sheet as at 31 December 2010, and the income statement, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for Flight Centre Limited (the consolidated entity). The consolidated entity comprises both Flight Centre Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.* As the auditor of Flight Centre Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

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

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and

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

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Steven Bosiljevac
Partner

Brisbane
21 February 2011