BOS PROSPECTUS

UNSECURED NOTES

Flight Centre Limited (ACN 003 377 188)

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FLIGHT CENTRE LIMITED

(ACN 003 377 188)

(the *Issuer*)

Registered office: Level 2, 545 Queen Street, Brisbane

1. Introduction

This Prospectus is dated 28 June 2010 and was lodged with the Australian Securities and Investments Commission on that date. No Unsecured Notes will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. The Australian Securities and Investments Commission takes no responsibility for the contents of this Prospectus.

Attached to this document is a personalised application form for Unsecured Notes, incorporating the Special Conditions of Issue attaching to the Unsecured Notes. If you misplace the application form or the personalised information in the application form is incorrect, you should contact the Business Ownership Scheme Team by email at BOS_Australia@flightcentre.com or by fax on (07) 3170 7239, who will arrange to forward another or a corrected application form to you with another copy of this Prospectus.

Where this Prospectus and accompanying application form are distributed to you electronically rather than in paper form, the electronic versions contain the same information in the same sequence as the paper Prospectus and application form lodged with the ASIC (except for minor differences allowed by the ASIC). You may request a free paper copy of this Prospectus and accompanying application form by contacting the Business Ownership Scheme Team.

The securities to which this Prospectus relates will only be issued on receipt of a personalised application form issued together with this Prospectus. For these purposes, the application form can only be downloaded from software together with this Prospectus.

The offer pursuant to this Prospectus is only available to persons receiving it within Australia.

2. Information on issue of Unsecured Notes

This Prospectus is for the issue of Unsecured Notes to Flight Centre Group shop managers or other senior managers (or their nominees) as selected by the Issuer. The funds raised under this Prospectus will be used for working capital requirements of the Flight Centre Group. The Issuer does not intend to have the Unsecured Notes listed on the ASX or any other authorised securities exchange. Unsecured Notes issued under this Prospectus are unsecured securities which rank equally with all other unsecured creditors, after the interests of any secured creditors but before the interests of shareholders upon a winding up of the Issuer. The Directors believe that the Issuer will be able to repay amounts of principal and meet interest payments as they fall due.

Flight Centre Limited reserves the right not to accept any application or to satisfy it in part only.

Unsecured Notes are issued under the Trust Deed. The Trust Deed provides for Special Conditions of Issue to be attached to the Unsecured Notes.

Interest on the Unsecured Notes is payable by reference to the relevant shop or business unit profits, or, in the case of certain approved shop or business units, profit improvements of the business. Accordingly, there may be no interest payable if there are no such profits, or profit improvements. No particular level of interest return is promised or guaranteed by any person.

3. Overview of Special Conditions of Issue

The Special Conditions of Issue are set out in their entirety in the personalised application form. They include conditions such as:

3.1 Acquisition of Unsecured Note

Unsecured Notes are issued with respect to nominated business units being a particular shop, group of shops or other discrete business unit within the Flight Centre Group. The relevant business unit for you is specified in Schedule 2 of your personalised application form.

The Unsecured Noteholder must pay to the Issuer an amount equal to the face value of the Unsecured Note as specified in the Special Conditions of Issue. The Issuer will issue a certificate evidencing the ownership of the Unsecured Note by the Unsecured Noteholder. However, if an Unsecured Noteholder enters into a Funding Arrangement which requires the Company to hold the Unsecured Note in escrow, the Company may agree to hold the Unsecured Note certificate in escrow. If payment is not received by the Issuer within the required time, the holder of the Unsecured Note will be deemed not to have been issued the Unsecured Note and agreement for issue of the Unsecured Note will be voidable at the option of the Issuer.

3.2 Redemption of Unsecured Note

Redemption of any Unsecured Note for its face value occurs under the Special Conditions of Issue:

- upon termination of the employment of the relevant manager for any reason; or
- upon notice in writing from the holder requesting redemption or repayment of the Unsecured Note; or
- upon notice in writing from the Issuer advising that redemption or repayment of the Unsecured Note will occur on a certain date; or
- upon the 10th anniversary of the date of issue of the Unsecured Note.

If the relevant manager ceases to be involved in the day to day management of the business unit in respect of which the Unsecured Note is issued, the Issuer may:

- require the Unsecured Noteholder to redeem the Unsecured Note; or
- amend the Special Conditions of Issue to refer to another business unit; or

- where the relevant manager is managing another business unit, allow the Unsecured Noteholder to continue to hold the Unsecured Note, in respect of the business unit which the relevant manager has ceased to manage, under the following conditions:

  (i) up to 20% (or such higher percentage to a maximum 35% as may be approved by the board of the Issuer) of management profit, or profit improvements, of the business unit which the relevant manager has ceased to manage may be paid out as interest distributions in relation to all Unsecured Notes attaching to that business unit;

  (ii) the Unsecured Noteholder must not hold more than 3 Unsecured Notes at any time;

  (iii) where a new manager of the business unit is appointed, any existing Unsecured Noteholder may then be required to redeem all or part of its Unsecured Note; and

  (iv) where there is more than 1 Unsecured Noteholder in the business unit, the order of redemption will be, first made in time will be first redeemed or repaid.

Upon redemption, the principal value of, and any interest due under, the Unsecured Note is paid to the holder. However, if there is a Funding Arrangement in place, upon redemption, the Company will pay the face value of the Unsecured Note:

- where the Unsecured Noteholder has assigned all or part of the principal amount to the financier, to the financier to the extent of the assigned amount, with any balance to the Unsecured Noteholder; or
- to the Unsecured Noteholder,

(as the case requires) on account of any Moneys Owing upon the Unsecured Notes held by the Noteholder.

For the avoidance of doubt, where any of the grounds for redemption outlined in this Prospectus arises, the Company may redeem the Unsecured Note without first receiving redemption instructions from the Unsecured Noteholder.

3.3 Interest

The Special Condition of Issue dealing with Interest is condition 6.

The holder of an Unsecured Note is entitled to an interest distribution from the business unit in respect of the Unsecured Note by reference to a percentage of the management profits, or, in the case of certain nominated business units, profit improvements of the business unit, after accounting for the liabilities of or within that business unit. The applicable percentage rate(s) is (are) contained in Schedules 5 and 6 of the Special Conditions of Issue.

Unless approved by the Issuer in accordance with the Special Conditions of Issue, no interest distribution will exceed 35% of the principal money in any twelve (12) month period other than by way of full or partial redemption.

For those businesses to which Schedule 5 of the Special Conditions of Issue applies, the period and financial criteria which are to be met in order for interest repayments to be made together with the details of how such interest payments will be calculated and made is set out in Schedule 5 of the Special Conditions of Issue and this will apply where there is profit or profit improvements of that business unit. Interest payments will be made no less frequently than quarterly, in arrears, so long as the Unsecured Note continues. No interest payments will be required in relation to the quarter in which the Unsecured Note is redeemed.

For those businesses to which Schedule 6 of the Special Conditions of Issue applies, the period and financial criteria which are to be met in order for interest payments to be made together with the details of how such interest payments will be calculated and made is set out in Schedule 6 of the Special Conditions of Issue and this will apply where there is profit or profit improvements of that business unit.

In the case of interest distributions to be made by reference to the management profits or profit improvements of the business unit, interest on the Unsecured Notes is only payable by reference to the relevant shop or business unit profits or profit improvements, after accounting for prior period losses of the business.

In these instances, a profit or profit improvement of the business unit for a given period includes a reduced loss position, or a return to profit position, for that period. Profit or loss, for a period shall be determined as the management profit or loss for the relevant period, after accounting for the liabilities of or within the business unit for that period.

3.4 Request for further funds from Unsecured Noteholder

The Issuer may determine from time to time that further funds are required by the business unit (refer to condition 9 of the Special Conditions of Issue). In that case, the Issuer may require the holder to advance that further amount which is calculated by multiplying the percentage set out in Schedule 5 of the Special Conditions of Issue by the total amount of the capital required by the business unit as determined by the Issuer. If the further amount is not paid to the Issuer, then the Unsecured Note will be redeemed and the holder will have no obligation to advance the additional amount. The holder has the choice as to whether to advance the further amount or to have the Unsecured Note redeemed.

The amount of any further advance does not bear interest and is repayable:

- when the Issuer determines that there is surplus cash in the relevant business unit; or
- by applying amounts otherwise payable as interest on the relevant Unsecured Note as a repayment in lieu of any entitlement to that amount of interest on the Unsecured Note. In this event the relevant amount of interest is not payable to the holder but the period for the calculation of cumulative profitability is restarted as if an entitlement to an interest distribution had accrued.

On redemption of the Unsecured Note any outstanding advances are forgiven by the holder so that the loan to the Issuer is extinguished and is no longer owing to the holder.

3.5 Other Special Conditions of Issue

The holder is prohibited from assigning, mortgaging or otherwise dealing with the Unsecured Note without the consent of the Issuer.

The holder is not entitled to voting rights, bonus shares, rights issues or other rights enjoyed by shareholders of the Issuer.

The manager of a business unit must notify the Issuer of any change in control of the legal entity which is registered as being the Unsecured Noteholder. In such a case the Issuer may require either:

- the Unsecured Note to be transferred to a legal entity of which the manager has effective control; or
- that the manager resume effective control of the legal entity registered as being the Unsecured Noteholder,

within 14 days of being required to do so.

If the manager does not comply with the Issuer's requirement, the Issuer may redeem the Unsecured Note immediately.

3.6 Funding Agreements

As indicated above, the Company has in place certain arrangements with a financier to assist Unsecured Noteholders to fund the purchase of Unsecured Notes. The terms of those arrangements require the Company to (among other things) hold the Unsecured Note Certificate (that would otherwise be held by the Unsecured Noteholder) in escrow and to comply with a required direction by an Unsecured Noteholder to make any payments of Redemption Proceeds on the Unsecured Notes to the financier.

Unsecured Noteholders who fund the purchase of any Unsecured Notes under a loan arrangement with the financier (***Note Loan***) should read the Note Loan documentation carefully and if in doubt as to the effect of the Note Loan, consult their solicitor.

Under the terms of the Note Loan, Unsecured Noteholders must assign the payment of the Redemption Proceeds on an Unsecured Note to the financier. The assignment of Moneys Owing is not by way of mortgage. The Unsecured Noteholder will give the Company an irrevocable direction to make such payments directly to the financier. The Trust Deed acknowledges the Company's right to pay the financier the Redemption Proceeds in respect of Unsecured Notes issued under a Note Loan.

Each Note Loan will typically have a term which ends if the Company’s facility with the financier (***BOS Facility***) expires or is terminated. Unsecured Noteholders who fund the purchase of Unsecured Notes with a Note Loan should consider the implications for them if the Company is unable to negotiate a replacement facility with the financier, such that repayment of their Note Loans may be demanded by the financier.

Unsecured Noteholders should note that the Trustee is in no way required to enquire into or make itself aware of the terms of the financing arrangements that may be entered into between prospective Unsecured Noteholders, the Issuer or any financier.

The Company receives a commission in connection with you entering into a Note Loan. The commission is equal to the aggregate amount that the interest paid to the financier under all Note Loans during a quarter exceeds the amount of interest that would have been paid during that same quarter if the interest rate payable on the Note Loans was the Reserve Bank of Australia cash rate plus 2.75%.

If you want more information about the Note Loan, you should contact the Company's Business Ownership Scheme Team by email at BOS_Australia@flightcentre.com or by fax on (07) 3170 7239.

4. Disclosures Relating to ASIC Regulatory Guide 69

On 29 August 2008 ASIC updated Regulatory Guide 69 entitled 'Debentures – improving disclosure for retail investors' (**Regulatory Guide**). The Regulatory Guide was released to help investors understand the risks, assess the rewards being offered and decide whether a particular debenture investment is suitable for them.

In order to comply with the Regulatory Guide, the Issuer is required to report against certain benchmarks which are set out in the Regulatory Guide, in its Prospectus. Those benchmarks and the relevant disclosures in relation to the Issuer's business are set out in the table below.

Criteria Met	Further disclosures and if criteria not met, why not?
Benchmark 1: Equity Capital	
Debenture issuers (other than property developers) should maintain a minimum of 8% equity	
Yes	At 31 March 2010, the Issuer had an equity ratio of 36.23%.
Benchmark 2: Liquidity	
Debenture issuers should have cash flow estimates for the next 3 months and ensure that at all times they have on hand cash or cash equivalents sufficient to meet their projected cash needs over the next three months.	
Yes	The Issuer has funds available to meet the projected cash needs in relation to the Unsecured Notes over the next three months. Due to the long term nature of the Unsecured Notes (each having a term of up to 10 years) the Issuer does not have regular or large liabilities that arise as a result of the Unsecured Notes. For the calendar years 2008 and 2009, no Unsecured Notes reached their maturity date. No Unsecured Notes will reach their maturity in the 3 months following the date of this Prospectus. Additionally, as the return on each Unsecured Note is commensurate with and paid from the profits of the particular Business Unit to which the Note is linked, funds are readily available (from the revenues generated from the Noteholder's Business Unit) if redemption does occur. The Unsecured Notes are, as the names suggests, not secured and consequently the Redemption Proceeds owing to any Noteholder at any given time will rank behind all secured liabilities equally with all unsecured creditors.

<table>
<tr><td colspan="2">Benchmark 3: Rollovers</td></tr>
<tr><td colspan="2">Issuers should disclose their approach to rollovers, including whether the ‘default’ is that debenture investments with them are automatically rolled over.</td></tr>
<tr><td>Yes</td><td>Each unsecured note is issued for a period of 10 years unless:
• the relevant manager’s employment is terminated for any reason; or
• a Noteholder requests redemption or repayment of the Unsecured Note in writing; or
• the Issuer notifies the Noteholder that redemption or repayment of the Unsecured Note will occur on a certain date.
If none of the above events occur within 10 years the Unsecured Note is redeemed.</td></tr>
<tr><td colspan="2">Benchmark 4: Credit ratings</td></tr>
<tr><td colspan="2">Issuers should have their debentures rated for credit risk by a recognised agency.</td></tr>
<tr><td>No</td><td>The Unsecured Notes are not rated as to credit risk.
The reasons that the Unsecured Notes are not rated for credit risk are:
• the terms of the issue of the Unsecured Notes are unique; and
• Flight Centre’s size relative to the total face value of Unsecured Notes on issue.
The return on each Unsecured Note is dependant on matters not only within the direct control of the Issuer, but within the control of the Noteholder (i.e. the return on each Unsecured Note is dependant upon the profit or improved loss position of the business unit to which the Noteholder is allocated). The operation of the business ownership scheme and the terms of the Unsecured Notes are quite unique when compared to other debentures within the industry. A key rationale of the Unsecured Note program is to provide an incentive to employees (rather than raise funds). Additionally, Flight Centre is an ASX listed entity with a market capitalisation as at 31 March 2010 of over $2.09 billion producing revenues of $1.71 billion in the last financial year (revenues of $818.5 million in the 6 months ending 31 December 2009).
Given the matters set out above, Flight Centre does not believe that assessment by a credit rating agency is necessary.</td></tr>
</table>

	The directors believe that for a company of the size of Flight Centre, the cost of obtaining and maintaining such a credit rating exceeds the benefit to investors.
Benchmark 5: Loan portfolio	
The Issuer is not required to report against this criteria as it does not loan money.	
Benchmark 6: Related party transactions	
The Issuer is not required to report against this criteria as it does not loan money to related parties.	
Benchmark 7: Valuations	
The Issuer is not required to report against this criteria as it does not loan money for property related activities.	
Benchmark 8: Lending principles – loan to valuation ratios	
The Issuer is not required to report against this criteria as it does not loan money for property related activities.	

5. Trust Deed

The Unsecured Notes are issued pursuant to and subject to the terms and conditions of the Trust Deed including the general conditions found in Schedule 1 of the Trust Deed and the special conditions in Schedule 3 of the Trust Deed (in the latter case as set out in the Unsecured Note agreement which forms part of the application form). The Issuer entered into the Trust Deed with the Trustee on 12 December 1997. The key provisions of the Trust Deed are described below.

5.1 Covenants by the Issuer

The Issuer has covenanted to use its best endeavours to carry on and conduct its business in a proper and efficient manner, to make available accounting or other records of the Issuer to the Trustee, to give or cause to be given to the Trustee such information as the Trustee requires with respect to all matters relating to the accounting and other records of the Issuer, to duly comply with all applicable requirements of the Corporations Act applicable to it and to do certain other things which are usual in a Trust Deed of this nature.

5.2 Events of default

The principal and distributions from time to time payable on the Unsecured Notes will, at the option of the Trustee, become due and be payable in cash immediately upon the occurrence of certain events of default. The events of default include, but are not limited to, the following:

- the Issuer defaults in repayment or redemption of an Unsecured Note within 30 days after payment becomes due in accordance with the Special Conditions of Issue;
- the Issuer does not pay any other money owing which becomes due and payable by the Issuer pursuant to the Trust Deed within 30 days after it becomes due for payment;

- default is made by the Issuer in the performance or observance of any covenant, condition or provision under the Trust Deed and, where such default is capable of remedy, such default is not remedied within 30 days;
- an order is made, or a resolution is passed, for the winding up of the Issuer; and
- other events relating to insolvency, external administration, compromise with creditors and ceasing to carry on, or disposing of, the Issuer’s business.

5.3 Trustee's powers

The Trustee may exercise certain powers in the interests of the Unsecured Noteholders. These powers may include, but are not limited to, the following:

- Waive any breach or non-compliance by the Issuer under the Trust Deed;
- Delegate its powers or discretions;
- Apply to the court for directions in relation to any questions arising either before or after the Unsecured Notes become repayable;
- Convene a meeting of Unsecured Noteholders; and
- Represent the Unsecured Noteholders generally in any investigation, negotiation, demand, action, transaction or proceeding and in so doing have an absolute discretion to act or to refrain from acting as it thinks fit.

Subject to the Corporations Act, the Trustee has absolute and uncontrolled discretion as to the exercise of all its powers, authorities and discretions and in the absence of fraud, wilful default or breach of trust, on the part of the Trustee, the Trustee will not be responsible for any loss, costs, damage or inconvenience that may result from the exercise or non-exercise of such powers, authorities or discretions.

5.4 Trustee may determine disputes

The Trustee may as between itself and the Unsecured Noteholders determine all questions and matters of doubt arising in relation to any of the covenants, provisions and obligations of the Trust Deed.

5.5 Alterations to Trust Deed

The Trustee and the Issuer may by deed make any alteration, modification or addition to the Trust Deed if (in the opinion of the Trustee) such alteration: is made to correct a manifest error or is of a formal or technical nature only; is necessary or expedient for the purpose of enabling the Issuer to continue to be listed for quotation with the ASX or to comply with the provisions of any statute; is required by or in consequence of any amendment to the Corporations Act and is not prejudicial to the interests of Unsecured Noteholders; is considered by the Trustee not to be or to be likely to become prejudicial to the interests of the Unsecured Noteholders; is approved or sanctioned by special resolution of the Unsecured Noteholders; is necessary or expedient to enable the Issuer to claim any deduction or rebate for income tax purposes in respect of the interest payable on any Unsecured Note; or is necessary or expedient for the purpose of facilitating the issue of Unsecured Notes and would not prejudice the rights of existing Unsecured Noteholders.

Otherwise the Trust Deed may be altered or modified with the approval of a special resolution of Unsecured Noteholders.

5.6 Redemption

The Issuer may terminate any particular Unsecured Noteholder's Unsecured Note Agreement and redeem the Unsecured Note related to that Unsecured Note Agreement at any time upon the provision of at least 14 days notice to the Unsecured Noteholders and the Trustee.

5.7 General conditions applying to Unsecured Notes

Schedule 1 of the Trust Deed sets out the general conditions applying to the Unsecured Notes including the following:

- where the Unsecured Noteholder holds the Unsecured Note Certificate, the surrender to the Issuer of the Unsecured Note certificate is a condition precedent to the right of an Unsecured Noteholder to receive payment of the principal. There is a mechanism provided for the re-issue of worn out, defaced, lost or destroyed certificates; and
- subject to the Special Conditions of Issue and the Corporations Act, Unsecured Noteholders are entitled to transfer the whole or part of any part of their Unsecured Notes by an instrument in writing in the usual common form or any form which the Issuer and the Trustee approve. No transfer of any Unsecured Notes will be registered in favour of a person who is, amongst other things, not otherwise a person who may make a loan to the Issuer under the Trust Deed. Every instrument of transfer duly stamped (if required) must be delivered to the Issuer for registration accompanied by the relevant Unsecured Note certificate and such other evidence as the Issuer requires to prove the title of the transferor.

5.8 Unsecured Note agreement

The special conditions of the Unsecured Notes (the Special Conditions of Issue) are contained in the Unsecured Note agreement (a specimen of which is set out in Schedule 3 to the Trust Deed) and have been discussed in section 3 of this Prospectus. The Unsecured Note agreement forms part of the application form.

5.9 Trustee indemnity

The Issuer has indemnified the Trustee against all costs and expenses of acting as trustee, and in particular of enforcing performance of the provisions of the Trust Deed.

Under clause 13 of the Trust Deed, the Trustee generally is only liable to Unsecured Noteholders for fraud, wilful default or breach of trust arising from the Trustee or its employees, servants or agents failing to show the degree of care and diligence required of it as Trustee or agent having regard to their powers, authorities and discretions. Clause 13 of the Trust Deed sets out other limitations on the Trustee's liability to Unsecured Noteholders.

5.10 Copy of Trust Deed

The Trust Deed has been lodged with the ASIC and is available for inspection during usual business hours at the registered office of Flight Centre Limited at Level 2, 545 Queen Street, Brisbane. A copy will be provided to you free of charge on request made to the Company Secretary.

5.11 Trustee's role

The Trustee's ultimate holding company is IOOF Holdings Limited, a company listed on the ASX. The Trustee has obligations and duties under the Trust Deed and the Corporations Act. The Trustee has agreed to undertake those obligations and perform those duties. Neither the Trustee nor any of its directors or officers guarantee performance by the Issuer of its obligations under the Trust Deed or the conditions of the Unsecured Notes.

The Trustee has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus. The Trustee does not make any representations as to the truth or accuracy of the contents of this Prospectus other than the parts which refer directly to the Trustee. The Trustee does not make any representation regarding or accepting any responsibility for any statements or omissions in or from any other parts of this Prospectus.

The Trustee is not involved in the promotion of the issue of the Unsecured Notes and gives no express or implied recommendation or other statement in respect of the issue of the Unsecured Notes or as to whether or not the Unsecured Notes are a suitable investment for any person.

Australian Executor Trustees Limited acting as trustee under the Trust Deed is not to be read or construed as an endorsement of the Unsecured Notes or any investment represented by the Unsecured Notes. Each applicant for an Unsecured Note must:

- make their own assessment as to whether or not an investment in the Unsecured Notes is a suitable form of investment for them having regard to their personal, financial, taxation and other relevant circumstances and taking into account any other proposed terms and conditions of the Unsecured Note;
- seek their own financial, taxation and other relevant advice in determining whether or not to make an investment in the Unsecured Notes taking into account any other proposed terms and conditions of the Unsecured Note; and
- make their own decision whether or not to invest in Unsecured Notes taking into account any other proposed terms and conditions of the Unsecured Note and without reliance on any recommendation, statement, opinion, forecast or other representation (whether positive or by omission) by or on behalf of the Trustee.

Without limiting the advice an applicant may seek, applicants should be aware that they may have to contribute further funds if requested by the Issuer and that they may not be able to recover some or all of those further funds that they invest.

Other than the parts of this Prospectus that refer directly to the Trustee or to the provisions of the Trust Deed, the Trustee has relied upon Flight Centre Limited for the accuracy of the content of this Prospectus. The Trustee does not make any representations as to the performance of the issue, the maintenance of capital or any particular rate of return.

6. Information with respect to the Issuer

6.1 Full year ended 30 June 2009

The directors' report and audited financial statements for the financial year ending 30 June 2009 are set out in Attachment A.

6.2 Half year ended 31 December 2009

The directors' report and reviewed financial statements for the half year ended 31 December 2009 are set out in Attachment C.

6.3 Announcements to the ASX

The Issuer is required by the Listing Rules to inform the ASX of information concerning the Issuer that a reasonable person would expect to have a material effect on the price or value of the Issuer's securities.

There is no information which has not been released to the ASX which would otherwise be required to be released but for the confidentiality exceptions to ASX Listing Rule 3.1. The following is a summary of some of the major announcements made to the ASX since 30 June 2009:

- On 11 August 2009, Flight Centre Limited released its unaudited financial results for the year ended 30 June 2009;
- On 25 August 2009, Flight Centre Limited released its preliminary financial report, its summary of full year results (prior to formal audit sign-off) and its presentation of its full year results for the year ended 30 June 2009;
- On 25 August 2009, Flight Centre Limited released its full financial report for the year ended 30 June 2009;
- On 29 September 2009, Flight Centre Limited released its annual report to shareholders for the period ending 30 June 2009;
- On 29 October 2009, Flight Centre Limited released its Chairman's address to shareholders, its Managing Director's address to shareholders, its 2009 Annual General Meeting presentation and the results of the AGM;
- On 4 November 2009, Flight Centre announced that it had commenced legal action against Datalex (Ireland) Limited and its parent company, Datalex PLC, to recover approximately $16.1 million in damages in relation to a $14.5 million loss during 2008/2009;
- On 19 January 2010, Flight Centre updated its profit expectations for the 2009/2010 fiscal year, ahead of the formal release of its half year accounts on 25 February 2010;
- On 15 February 2010, Flight Centre announced that it had received notice of a counter claim seeking between $US 5.36 million and $US 9.23 million in response to the legal action announced on 4 November 2009;
- On 25 February 2010, Flight Centre released its 2010 half year report and results, its summary of its 2010 half year results and its presentation of its 2010 half year results;
- On 19 April 2010, Flight Centre made an announcement regarding the closure of European air space;
- On 22 April 2010 Flight Centre released a presentation by its CFO, Andrew Flannery, to the 2010 UBS Conference;

- On 27 April 2010, Flight Centre announced that it had taken ownership of its Indian corporate travel joint venture, FCm Travel Solutions India, by acquiring the remaining 44% interest from former partner Rahul Nath;
- On 25 May 2010, Flight Centre upgraded its profit guidance for the 2009/2010 fiscal year; and
- On 1 June 2010, Flight Centre released a presentation made by its CFO, Andrew Flannery, to Deutsche Bank.

7. Key risks

7.1 Overview

This section identifies the major risks associated with an investment in Unsecured Notes.

The Issuer's business is subject to risk factors, both specific to its business activities and of a general nature. Such risks could affect the future operating performance of the Issuer and, in turn, the Issuer's ability to perform its obligations under the Unsecured Notes. Accordingly, an investment in Unsecured Notes should be considered in light of relevant risks, as set out below.

Before deciding to invest in Unsecured Notes, you should:

- read the entire Prospectus;
- consider risk factors that could affect the financial performance of the Issuer;
- review these factors in light of your personal circumstances; and
- seek professional advice from your accountant, financial adviser, lawyer or other professional adviser before deciding whether to invest.

The risks identified in this Prospectus are not an exhaustive list of the risks faced by the Issuer. These factors and others not addressed in this Prospectus may materially affect the financial performance of the Issuer and its ability to repay Unsecured Notes issued under this Prospectus.

7.2 General economic conditions

The Issuer's operating and financial performance is influenced by a variety of general economic and business conditions in Australia and overseas. A prolonged deterioration in general economic conditions, including a decrease in consumer and business demand, would likely have a material adverse effect on the Issuer's business or financial condition (or both).

7.3 Currency risk

The Issuer operates internationally and is exposed to foreign exchange risk arising from currency exposures. The Issuer has measures in place to manage some of that exposure. However, notwithstanding those measures, the movement of foreign exchange rates could still have an adverse effect on the Issuer's operating and financial performance.

7.4 Taxation risks

A change to the current taxation regime in Australia or overseas, including changes in interpretation or application of the law by courts or taxation authorities, may affect the Issuer or the Unsecured Noteholders. Tax liabilities are the responsibility of each individual Unsecured Noteholder.

7.5 Decreased profits

Interest on the Unsecured Notes is calculated by reference to the relevant shop or business unit profits. Accordingly, an Unsecured Noteholder's return on the Unsecured Notes will be affected by anything which affects the profitability of the relevant shop or business unit. The Issuer does not promise or guarantee any particular return on the Unsecured Notes.

7.6 Tourism industry

The Issuer's operating and financial performance is dependent on the health of the tourism industry generally. A decline in the domestic and international tourism industry, whether as a result of a particular event (such as a terrorist attack, outbreak of SARS or other disease or a natural disaster) or economic conditions (such as a decrease in consumer and business demand), would have a material adverse effect on the Issuer's operating and financial performance.

7.7 Supplier risk

The Issuer's business activities are reliant on suitable contractual arrangements being negotiated with major airlines and other suppliers of goods and services. A breakdown in the relationship between the Issuer and its suppliers, a failure to reach a suitable arrangement with a particular supplier or the failure of a supplier to pay or otherwise satisfy its contractual obligations (including as a result of insolvency) could disrupt the Issuer's business and have an adverse effect on the financial performance of the Issuer.

7.8 Regulatory risk

A variation in legislation and government policy may affect the Issuer and the business environment in which it operates. Legislative changes could directly and indirectly alter consumer demand for and consumer attitudes towards international or domestic travel.

7.9 Financial risk

The Issuer's ability to continue its current operations and effectively implement future business plans may depend on its ability to raise additional funds. There is no guarantee that equity or debt funding will be available to the Issuer on favourable terms or at all or that, when an existing facility expires or is otherwise terminated (e.g. due to an event of default), the Issuer will be able to refinance that debt facility on reasonable terms.

An inability to raise additional funds or refinance existing facilities may have a material adverse effect on the Issuer's operating and financial performance and its ability to repay Unsecured Noteholders.

7.10 Investment risks

The Issuer invests funds it receives in the course of conducting its business.

The value of those investments may rise or fall as a result of circumstances beyond the Issuer's control, including general economic conditions in Australia or overseas.

7.11 Growth strategy execution

The Issuer may not be able to execute effectively the strategies for is current and future acquired businesses. Planned growth through expansion of existing business could expose the Issuer to additional or unforseen costs, which may strain financial or management resources.

7.12 Acquisition and investment risk

From time to time, the Issuer evaluates acquisition and divestment opportunities. Any past or future acquisitions or disposals would cause a change in the sources of the Issuer's earnings and result in variability of earnings over time. Integration of new businesses may be costly and occupy management's time.

7.13 Loss of key staff and staff turnover

The Issuer is dependent upon the experience of its Directors, key senior management and staff generally. The loss of any of key personnel (i.e. by death, total or permanent disablement or resignation), as well as high staff turnover could cause disruption to the conduct of the Issuer's business in the short term and negatively affect the Issuer's operating and financial performance.

8. Meaning of profit and profit improvements for purposes of Unsecured Notes

Profit, or loss, for a period shall be determined as the management profit or loss for the relevant period, after accounting for the liabilities of or within the business unit for that period. The accounting policies used in determining the management profit or loss are determined by the Finance Director or the Chief Financial Officer of the Issuer, but are consistent with the policies used for all business units in the Flight Centre Group. The Issuer will notify the Unsecured Noteholder of any major change in its accounting policies.

Profit of each business unit is calculated as if that business unit was a "stand alone" operation. The expense components used in determining profit are partly influenced by the manager of that business unit and partly by the Issuer.

Areas where the Issuer has significant influence are:

- the Issuer from time to time negotiates various deals with airlines, wholesalers, insurance brokers, reservation system providers and other related travel product providers and all business units have access to these deals;
- the Issuer determines half-yearly internal fees which are charged out to its business units for the following:
    - accounting and legal services;
    - payroll and banking;
    - advertising;
    - computer support;

    - shop fit out;
    - management fees for “Country” and global support;
    - conferences; and
    - training;
- salary related expenses:
    - the business unit is responsible for all statutory costs related to employment of persons in that business unit, including annual leave, long service leave, payroll tax and superannuation within the Issuer’s general policy from time to time and legal requirements; and
    - the business unit is responsible for paying employees as per the Issuer’s salary structure from time to time and legal requirements.

9. Additional Information

9.1 No costs and fees

Investors in Unsecured Notes pay no brokerage, stamp duty or other charges on lodgment of their investment. Any stamp duty on the application for or issue of the Unsecured Notes will be paid by the Issuer.

9.2 Interests of Directors

Other than as described below and in Attachment A, no Director and no firm in which a Director of the Issuer is a partner has any interests in the promotion or formation of, or any property proposed to be acquired by, the Issuer, nor have any amounts in cash or shares or otherwise been paid or been agreed to be paid to any Director of the Issuer (or to any firm of which he is a partner), to induce him to become or to qualify him as, a Director, or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the Issuer.

At no time will any Director be offered, be issued with, or have any beneficial interest in Unsecured Notes that are, will be or have been issued pursuant to this Prospectus.

Directors are paid remuneration for their services as directors of the Issuer as set out in article 48 of the constitution of Flight Centre Limited and, in the case of executive directors, under service agreements. Executive directors of the Issuer may be issued Unsecured Notes in the future.

9.3 Warranty

The applicant warrants to the Issuer that any proposed Unsecured Noteholder which is a non-natural person (for example, a company, family trust or superannuation fund trustee of the applicant):

- has not contracted with Flight Centre to provide the management services (such as by being “*independent contractor*”) to a Flight Centre business in Queensland; and
- is not engaged in the business of holding or dealing in debt securities.

9.4 Directors' statement

The Directors report that, after making due inquiry, since 31 December 2009 there have not been any circumstances that have materially affected or will materially affect the profitability or the value of the assets and liabilities of the Issuer or the Flight Centre Group, except as disclosed in this Prospectus (see particularly section 6.2).

9.5 Statutory information

Subject to the earlier provisions of this Prospectus, the Issuer will, within two months of accepting an application form, issue the investor with a certificate acknowledging the indebtedness of the Issuer for the face value of the Unsecured Note issued.

Each of PricewaterhouseCoopers and McCullough Robertson has given and not withdrawn its consent to being named in this Prospectus in the form and context in which it is named. Neither PricewaterhouseCoopers nor McCullough Robertson has authorised or caused the issue of this Prospectus and neither takes any responsibility for any part of this Prospectus. PricewaterhouseCoopers has also given and not withdrawn its consent to the issue of this Prospectus with the inclusion of its audit report on the financial statements for the year ended 30 June 2009 in Attachment A. To the fullest extent permitted by law, PricewaterhouseCoopers does not accept any responsibility for the consequences of any reliance on its audit report beyond that owed to whom the report was addressed at the date of its issue.

The Trustee has given and not withdrawn its consent to being named in this Prospectus as Trustee for Unsecured Noteholders in the form and context in which it is named. The Trustee is currently paid a fee of $20,000 per annum for acting as trustee and receives the benefit of the indemnity described above. This fee will increase to an amount equal to 0.02% of the face value of Unsecured Notes on issue if and when that amount exceeds $20,000.

The Trustee’s role in the preparation of this Prospectus has been limited to reviewing the Prospectus to ensure its contents are not inconsistent with the provisions of the Trust Deed. The Trustee has had no involvement in the preparation of any part of this Prospectus and expressly disclaims and takes no responsibility for any part of, and has not caused or authorised the issue of, this Prospectus.

10. Personalised application forms and instructions

Accompanying this Prospectus is your personalised application form. Applicants should complete all relevant sections on the application form provided, sign and return it to the registered office of Flight Centre Limited. Applications should be made only on the application form accompanying the Prospectus. Photocopies of this application form will not be accepted. Multiples of A$1 will be accepted over the minimum investment (the minimum investment is A$10,000 for Team Leaders, A$30,000 for Area Leaders and A$200,000 for National Leaders and EGMs). The percentage and the relevant shop (or other business unit) in respect of which interest calculations will be made under conditions 6, 7 and 8 of the Special Conditions of Issue are nominated in the personalised application form. Where payment is made by cheque, it must be in Australian currency (drawn on an Australian bank) and made payable to “Flight Centre Limited”, crossed not negotiable and attached securely to the front of the application form.

An applicant may, with the prior approval of the Issuer, nominate in writing a legal entity over which the applicant has effective control to be the holder of the Unsecured Note. This nomination may be made by inserting the name of the approved holder in the space indicated on the application form. The application form requests applicants or approved holders to complete a postal address for all correspondence. All communications to the holder from the Issuer or the Trustee will be mailed to the address as shown. Applicants should also include their telephone number, area code and contact name to assist the Issuer or the Trustee in the event that they need to contact the applicant in relation to their application. For advice on investing in these Unsecured Notes, applicants should consult their independent financial adviser. Applicants should also enter their Australian tax file number or exemption category in the box provided. Collection of tax file numbers is authorised by taxation law. Quotation of tax file numbers is not compulsory and will not affect this application.

Applicants should obtain their own advice regarding the taxation impacts of holding Unsecured Notes. None of Flight Centre Limited, the Directors or other members of the Flight Centre Group or the Trustee, or any member of the Trust Group, takes any responsibility for advising investors as to their tax position or the taxation impacts of holding Unsecured Notes.

By signing the application form, applicants will be signing a document which will be legally binding on them on acceptance by the Issuer in accordance with the terms of the Trust Deed (and in particular the Special Conditions of Issue set out in the application form) and this Prospectus.

The following information will be set out in each personalised application form:

- the name of the applicant (Item A and Schedule 3);
- the name of any other person previously approved by the Issuer to hold the relevant Unsecured Note (Item B);
- the name of the relevant shop/ business unit to which the Unsecured Note will relate (Item C and Schedule 2);
- the face value of the Unsecured Note for which application is invited (being the principal amount of the Unsecured Note (Item D and Schedule 4);
- the percentage rate proposed by the Issuer for use in the calculation of interest (Item E and Schedules 5 and 6).

11. Glossary

ASIC means the Australian Securities and Investments Commission;

ASX means ASX Ltd ACN 008 624 691;

Company Secretary means the secretary of the Issuer;

Directors means the directors of the Issuer;

Flight Centre Group means Flight Centre Limited and its controlled entities from time to time;

Funding Arrangement means an arrangement whereby a financier funds the issue of Unsecured Notes to an Unsecured Noteholder;

Issuer or ***Company*** means Flight Centre Limited (ACN 003 377 188);

Moneys Owing has the meaning given to that term in the Trust Deed;

Prospectus means this prospectus dated 28 June 2010;

Redemption Proceeds means the principal money together with any distributions then due and payable in respect of an Unsecured Note;

Special Conditions of Issue means the special conditions being schedule 3 to the Trust Deed, as modified by this Prospectus, which modified version is set out in full in the personalised application form with this Prospectus;

Trust Deed means the Unsecured Note Deed between Permanent Nominees (Aust.) Limited ACN 000 154 441 (**Permanent**) and the Issuer dated 12 December 1997, as amended by the amendments noted in the Deed of Confirmation between Permanent and the Issuer dated 19 June 2003, the Deed of Amendment between Permanent and the Issuer dated 5 April 2004, the Deed of Amendment between Permanent and the Issuer dated 2 August 2005, the Deed of Appointment and Retirement between Permanent, the Trustee and the Issuer dated 21 December 2007 and the Deed of Amendment between the Trustee and Issuer dated 21 December 2007;

Trustee means Australian Executor Trustees Limited (ACN 007 869 794) appointed as trustee for the Unsecured Noteholders pursuant to the Trust Deed;

Unsecured Noteholder has the meaning set out in the Trust Deed; and

Unsecured Notes means the unsecured debt securities issued by the Issuer pursuant to this Prospectus under the Trust Deed.

12. Corporate directory

Directors

G F Turner (Managing Director)

P F Barrow (Non-executive Director)

G Smith (Non-executive Director)

P Morahan (Non-executive Director)

Company secretaries

S Kennedy

D Smith

Registered Office

Level 2, 545 Queen Street:

BRISBANE QLD 4000

Share Registrar

Computershare Investor Services Pty Limited

Level 19, 307 Queen Street

BRISBANE QLD 4000

Auditors

PricewaterhouseCoopers

Level 15, Riverside Centre

123 Eagle Street

BRISBANE QLD 4000

Solicitors

McCullough Robertson Lawyers

Level 11, Central Plaza Two

66 Eagle Street

BRISBANE QLD 4000

Trustee

Australian Executor Trustees Limited

Level 22, 207 Kent Street

SYDNEY NSW 2000

Signature

This Prospectus is signed on behalf of Flight Centre Limited by Stephen Kennedy who is authorised by the Board of Directors to sign the Prospectus.

Stephen Kennedy
Company Secretary

Attachment A

Annual Financial Report and Directors' Report for the Year Ended 30 June 2009

ABN 25 003 377 188

FLIGHT CENTRE LIMITED (FLT) FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Contents

This financial report covers both the separate financial statements of Flight Centre Limited as an individual entity and the consolidated financial statements for the consolidated entity consisting of Flight Centre Limited and its subsidiaries. The financial report is presented in Australian currency.

Flight Centre Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Flight Centre Limited
Level 2, 545 Queen Street
BRISBANE QLD 4000

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities in the directors' report, both of which are not part of this financial report.

The financial report was authorised for issue by the directors on 25 August 2009. The company has the power to amend and reissue the financial report.

Directors' report

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 2009.

Directors
The following persons were directors of Flight Centre Limited during the financial year ended 30 June 2009.

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

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 activities of the group during the year.

Dividends - Flight Centre Limited

	2009 $'000	2008 $'000
Final ordinary dividend for the year ended 30 June 2008 of 48.5 cents (2007: 46 cents) per fully paid share paid on 10 October 2008, fully franked	**48,310**	43,628
Interim ordinary dividend for the year ended 30 June 2009 of 9.0 cents (2008: 37.5 cents) per fully paid share paid on 27 March 2009, fully franked	**8,965**	37,353
	57,275	80,981

The directors have recommended no final ordinary dividend for the year ended 30 June 2009.

Review of operations
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 25 August 2009.

Matters subsequent to the end of the financial year
On 3 July 2009, Flight Centre (USA) Inc transferred the Liberty and GoGo brand names to Flight Centre Limited. The transfer of intellectual property is in line with Flight Centre Limited's ownership of all other group brand names and was completed by Flight Centre (USA) Inc declaring a dividend valued at US $35M (AUD $43.5M).

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.

Information on directors

			Particulars of directors' interests in shares and options of: Flight Centre Limited	
Director	**Experience and directorships**	**Special responsibilities**	**Ordinary shares**	**Options**
P.R.Morahan Age: 48	Executive chairman of an 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	14,712	-
G.F.Turner BVSc Age: 60	Founding Flight Centre Limited director with significant experience in running retail travel business in Australia, New Zealand, USA, UK, South Africa and Canada. Director of The Australian Federation of Travel Agents Limited.	Managing director Remuneration committee member	15,828,235	-
P.F.Barrow FCA,FAICD Age: 58	Flight Centre Limited director since 1995. Director of Oaks Hotels and Resorts Limited and Mosaic Oil NL. Former director of Cluff Resources Pacific NL (2003 to 2008) and NSW Gold NL (2003 to 2008). Senior partner of chartered accounting firm MBT. More than 25 years' experience with retail travel companies.	Independent non-executive director Audit committee chairman Remuneration committee member	35,000	-
G.W.Smith BCom, CA, FAICD Age: 49	Managing director of Tourism Leisure Corporation and the Kingfisher Bay Resort Group of companies, Chartered accountant and Queensland Tourism Industry Council board member. Former director of Ecotourism Australia Limited (2006 to 2007).	Independent non-executive director Remuneration committee chairman Audit committee member	15,000	-

Company secretary and general counsel
The company secretary is Mr D.C. Smith B.Com, LLB. Mr Smith has worked for Flight Centre Limited for seven years in various roles. He was appointed as company secretary on 31 January 2008. The company co-secretary is Mr S. Kennedy B. Bus, ASIC. Mr Kennedy has worked for Flight Centre Limited for 13 years in various finance roles before moving into the role of Assistant Company Secretary five years ago.

Meetings of directors
The number of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2009, and the number of meetings attended by each director were:

	Full meetings of directors		Meetings of committees: Audit		Meetings of committees: Remuneration	
	A	**B**	**A**	**B**	**A**	**B**
G.F.Turner	13	18	*	*	2	2
P.F.Barrow	16	18	4	4	1	2
P.R.Morahan	18	18	4	4	2	2
G.W.Smith	18	18	4	4	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

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 objective of the group's executive reward framework is 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
- capital management.

The group has structured an executive remuneration framework that is market competitive and complimentary to 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 drivers of value
- 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
- 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 which provides advice on remuneration and incentive policies and practices and 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.

Remuneration report (continued)

A Principles used to determine the nature and amount of remuneration (audited) (continued)

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 the fees of non-executive directors. 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 $650,000 per annum, as approved by shareholders on 3 November 2008.

Executive pay

The executive pay and reward framework has four components:

- base pay and benefits
- short-term performance incentives
- other incentives through participation in Business Ownership Scheme (BOS) program, Flight Centre Limited Employee Option Plan, Senior Executives Option Plan and Employee Share Plan, and
- other remuneration such as superannuation contributions.

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

Base pay

Executives are offered a guaranteed base pay element by the remuneration committee. In keeping with Flight Centre Limited's philosophy of "what gets rewarded gets done", an executive's pay is heavily weighted towards short-term incentives.

Superannuation

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

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 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 business plan.

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 reports on performance from management.

BOS interest

An integral part of an executive's position 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 Flight Centre Limited nor any of its group companies guarantees returns.

Share-based compensation

Share-based compensation is made 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. Options are not vested unless profit performance conditions are met. In 2009, 75,000 options (exercise price $7.75) were granted on 23 January 2009 to the acting CEO for services rendered, these vested upon grant. On the 29th June 2009, 200,000 options (excercise price $10.00) were granted to each of the five senior executives. These options comprise five tranches of 40,000 options each, with each tranch vesting on the annual release of the Flight Centre Limited group audited results to the Australian Stock Exchange, provided pre-determined profit targets are met.

Directors have not received any options during the year.

Remuneration report (continued)

A Principles used to determine the nature and amount of remuneration (audited) (continued)

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 Flight Centre Limited shares. Details of the plan are contained in note 44.

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

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 2009 are set out in the tables below.

The key management personnel of Flight Centre Limited and the group includes the directors as per page 3 and the following executive officers who have authority and responsibility for planning, directing and controlling the activities of the entity:

Group

- D.W.Smith - Executive General Manager - USA
- C.Galanty - Executive General Manager - UK, South Africa
- S.O'Brien - Executive General Manager - Global Corporate
- A.Flannery - Chief Financial Officer
- C.Bowman - Executive General Manager - Global Marketing
- M.Waters-Ryan - Executive General Manager - Global Product, IT
- M.Murphy - Executive General Manager - Global Human Resources

Parent Entity

- M.Murphy - Executive General Manager - Global Human Resources
- M.Waters-Ryan - Executive General Manager - Global Product, IT
- C.Bowman - Executive General Manager - Global Marketing
- S.O'Brien - Executive General Manager - Global Corporate
- A.Flannery - Chief Financial Officer

Details of the nature and amount of each element of the remuneration of each director of Flight Centre Limited and each of the five officers of the company and the consolidated entity consisting of Flight Centre Limited and the entities it controlled receiving the highest emoluments for the year ended 30 June 2009 as required by the Corporations Act 2001, and key management personnel of the consolidated entity, are set out in the following tables.

Key management personnel and other executives of the group

2009	Short-term employee benefits			Post-employment benefits		Long-term benefits	Share-based payments	
Name	Cash salary and fees $	Incentive $	BOS Interest $	Super-annuation $	Termination benefits * $	Long service leave ** $	Share based payments $	Total $
Non-executive directors								
P.R.Morahan	155,963	-	-	14,037	-	-	-	170,000
G.W.Smith	105,505	-	-	9,495	-	-	-	115,000
P.F.Barrow	116,250	-	-	5,363	-	-	-	121,613
Sub-total non-executive directors	**377,718**	**-**	**-**	**28,895**	**-**	**-**	**-**	**406,613**
Executive directors								
G.F.Turner	47,401	73,413	-	9,941	-	138,683	-	269,438

Remuneration report (continued)

B Details of remuneration (audited) (continued)

Amounts of remuneration (continued)

Other key management personnel								
D.W.Smith^	213,030	254,424	6,313	36,665	-	-	-	510,432
C.Galanty^	324,465	118,787	-	85,750	-	-	-	529,002
A.Grigson (resigned 20 March 2009)	102,881	49,787	-	13,740	261,471	55,961	-	483,840
S.O'Brien^ ~	142,202	221,398	83,544	28,861	-	(14,882)	58,942	520,065
A.Flannery	114,679	128,488	-	21,231	-	2,711	-	267,109
C. Bowman^ ~	142,202	150,667	-	28,404	-	510	-	321,783
M.Waters-Ryan^ ~	142,200	210,568	72,855	30,251	-	(30,663)	-	425,211
M.Murphy~	142,202	130,867	-	22,695	-	2,346	-	298,110
S.Garrett (resigned 30 September 2008)	35,551	35,747	-	6,417	204,585	-	-	282,300
Total key management personnel compensation	**1,784,531**	**1,374,146**	**162,712**	**312,850**	**466,056**	**154,666**	**58,942**	**4,313,903**
Other group executives								
D.C.Smith~ #	125,000	145,014	-	22,965	-	(703)	-	292,276

* 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 executives of the group, 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 executives of the parent, as required to be disclosed under the Corporations Act 2001.

Key management personnel and other executives of the group

2008	Short-term employee benefits			Post-employment benefits		Long-term benefits	Share-based payments	
Name	Cash salary and fees $	Incentive $	BOS Interest $	Super-annuation $	Termination Benefits * $	Long service leave ** $	Share-based payments $	Total $
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 ^ ~ (resigned 30 September 2008)	144,244	446,193	-	51,350	-	1,894	7,269	650,950
A. Grigson ^ ~ (resigned 20 March 2009)	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.C.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.

Remuneration report (continued)

B Details of remuneration (audited) (continued)

Amounts of remuneration (continued)

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

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	
	2009 %	2008 %	**2009 %**	2008 %	**2009 %**	2008 %
Directors of Flight Centre Limited						
P.F.Barrow	**100**	100	**-**	-	**-**	-
G.F.Turner	**73**	-	**27**	100	**-**	-
P.R.Morahan	**100**	100	**-**	-	-	-
G.W.Smith	**100**	100	**-**	-	-	-
Other key management personnel of group						
A.Flannery	**52**	36	**48**	64	**-**	-
C.Galanty	**78**	38	**22**	61	**-**	1
S.Garrett (resigned 30 September 2008)	**87**	30	**13**	69	**-**	1
A.Grigson (resigned 20 March 2009)	**90**	15	**10**	84	**-**	1
D.W.Smith	**49**	39	**51**	61	**-**	-
S.O'Brien	**30**	17	**59**	82	**11**	1
C.Bowman	**53**	33	**47**	67	**-**	-
M.Murphy	**56**	35	**44**	65	**-**	-
M.Waters-Ryan	**33**	32	**67**	68	-	-
Other Company and group executives						
D.C.Smith	**50**	34	**50**	66	**-**	-

C Service agreements (audited)

There are no fixed term service agreements with any director or key management personnel of the group. Remuneration of the key management personnel is reviewed annually by the remuneration committee. 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 Part B of the remuneration report. 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 Senior Executive Option Plan (March 2006, January 2009 and June 2009). Options are granted under the plan for no consideration. Options are exercisable over fully paid ordinary shares of the company.

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

- The total group profit target to be met; and
- 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 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:

Remuneration report (continued)

D Share-based compensation (audited) - Options (continued)

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 financial statements of the group to the market and 50% on release of 2007 audited financial statements of the group to the market and are granted at no consideration.	30 March 2011	$10.66	$1.96
23 January 2009	23 January 2009	23 January 2014	$7.75	$0.79
29 June 2009	Five vesting tranches of 40,000 each granted at no consideration. Each tranche vesting on annual periods (30 June 2010 - 2014) upon the release of the Flight Centre group audited results to the Australian Stock Exchange, provided pre determined profit targets are met.	30 June 2015	$10.00	$2.17

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

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

Details of options over ordinary shares in the company 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 share of Flight Centre Limited. Further information on the options is set out in note 44 to the financial statements.

Name	Number of options granted during the year		Number of options vested during the year	
	2009	2008	**2009**	2008
Key management personnel of the group				
C.Galanty	**-**	-	**-**	20,000
S.Garrett (resigned 30 September 2008)	**-**	-	**-**	20,000
A.Grigson (resigned 20 March 2009)	**-**	-	**-**	20,000
S.O'Brien	**275,000**	-	**75,000**	20,000
A.Flannery	**200,000**	-	**-**	-
M.Waters-Ryan	**200,000**	-	**-**	-
C.Bowman	**200,000**	-	**-**	-
M.Murphy	**200,000**	-	**-**	-

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 takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

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%

The model inputs for options granted during the year ended 30 June 2009 included:
- granted on 23 January 2009
(a) options are granted for no consideration and fully vested and exercisable from 23 January 2009.
(b) exercise price: $7.75
(c) grant date: 23 January 2009

Remuneration report (continued)

D Share-based compensation (audited) - Options (continued)

(d) expiry date: 23 January 2014
(e) share price at grant date: $6.45
(f) expected price volatility of the company's shares: 33%
(g) expected dividend yield: 3.6%
(h) risk-free interest rate: 2.8%

- granted on 29 June 2009

(a) options are granted for no consideration. Each tranche vests on achievement of certain profit targets at each year end, from 30 June 2010 to 30 June 2014.
(b) exercise price: $10.00
(c) grant date: 29 June 2009
(d) expiry date: 30 June 2015
(e) share price at grant date: $8.65
(f) expected price volatility of the company's shares: 40-45%
(g) expected dividend yield: 3.0-4.8%
(h) risk-free interest rate: 4.8-5.5%

Shares provided on exercise of remuneration options

Details of ordinary shares in the company provided as a result of the exercise of remuneration options to each director of Flight Centre Limited 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**	
		2009	2008
Other key management personnel of the group			
C.Galanty	27 September 2007	-	30,000
S.Garrett (resigned 30 September 2008)	18 September 2007	-	30,000
S.O'Brien	12 September 2007	-	30,000

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**
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 scheme

Under the new Employee Share Plan, 35,231 shares were issued to the Plan Trustee and allocated to the employees during the year ended 30 June 2009. The shares are issued as ordinary shares of the company. For every nine shares purchased by the employee, Flight Centre Limited issued an additional one share. The expense is recognised when the shares are issued.

E Additional information (audited)

Performance of Flight Centre Limited

The overall level of executive reward takes into account the performance of the group over a number of years with greater emphasis given to the current and prior year. 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 8 - 10, 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 five years, provided the vesting conditions are met (see page 8). 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.

Remuneration report (continued)

E Additional information (audited) (continued)

Name	Incentives		Options					
	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	34	66	-	-	-			-
S. Garrett (resigned 30 September 2008)	71	29	-	-	-			-
A. Grigson (resigned 20 March 2009)	33	67	-	-	-			-
D.W. Smith	100	-	-	-	-			-
S. O'Brien	57	43	2009	27	-	2010-2014	-	450,670
A. Flannery	56	44	2009	-	-	2010-2014	-	450,670
M. Waters-Ryan	81	19	2009	-	-	2010-2014	-	450,670
C. Bowman	75	25	2009	-	-	2010-2014	-	450,670
M. Murphy	65	35	2009	-	-	2010-2014	-	450,670

Share-based compensation: Options
Further details relating to options are set out below:

Name	A Remuneration consisting of options	B Value at grant date $	C Value at exercise date $	D Value at lapse date $	E Total of columns B-D $
S. O'Brien	11.0%	58,942	-	-	58,942

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 and at 30 June 2009 no loans were in place.

Shares under option
Unissued ordinary shares of Flight Centre Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
23 January 2009	23 January 2014	$7.75	75,000

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. The officers of the company covered by the insurance policy include all the directors, executive officers and the company secretaries. Disclosure of the premiums paid is prohibited by 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.

Proceedings on behalf of the company (continued)
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 their statutory audit duties where the auditor's expertise and experience with the company and/or the group are 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 34.

The board of directors 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 provision of non-audit services by the auditor, did not compromise the auditor independence requirements of the *Corporations Act 2001* 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.

Auditors' independence declaration
A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 13.

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.

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

G.F. Turner
Director

BRISBANE
25 August 2009

PRICEWATERHOUSECOOPERS

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Auditor's Independence Declaration

As lead auditor for the audit of Flight Centre Limited for the year ended 30 June 2009, 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 audit; and

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

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

Robert Baker

R A Baker
Partner

BRISBANE
25 August 2009

PricewaterhouseCoopers

PricewaterhouseCoopers

	Notes	Consolidated **30 June 2009** **$'000**	Consolidated 30 June 2008 Restated $'000	Parent **30 June 2009** **$'000**	Parent 30 June 2008 Restated $'000
Revenue					
Revenue from the sale of travel services	3	**1,446,904**	1,400,327	**694,089**	727,642
Revenue from the sale of travel as principal	3	**225,883**	40,039	**-**	-
Other revenue	3	**41,929**	46,747	**38,063**	51,717
Total revenue		**1,714,716**	1,487,113	**732,152**	779,359
Cost of travel as principal		**(198,615)**	(35,248)	**-**	-
Gross profit		**1,516,101**	1,451,865	**732,152**	779,359
Other income	4	**2,799**	1,125	**2,602**	89
Expenses					
Selling expenses		**(1,219,567)**	(1,058,458)	**(491,689)**	(483,304)
Administration / support expenses		**(232,739)**	(163,754)	**(186,838)**	(148,381)
Finance costs	5	**(25,360)**	(30,359)	**(9,869)**	(17,171)
Share of profit / (loss) of joint venture and associates accounted for using the equity method	21, 45	**(837)**	549	**(522)**	325
Profit before income tax expense		**40,397**	200,968	**45,836**	130,917
Income tax expense	6	**(2,233)**	(66,186)	**(16,722)**	(37,955)
Profit attributable to members of Flight Centre Limited		**38,164**	134,782	**29,114**	92,962
		Cents	Cents		
Earnings per share for profit attributable to the ordinary equity holders of the company:					
Basic earnings per share	43	**38.3**	138.0		
Diluted earnings per share	43	**38.3**	137.9		

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

		Consolidated		Parent	
		30 June 2009	30 June 2008 Restated	**30 June 2009 2009**	30 June 2008 Restated
	Notes	**$'000**	$'000	**$'000**	$'000
ASSETS					
Current assets					
Cash and cash equivalents	8	**692,725**	738,637	**363,453**	439,875
Available-for-sale financial assets	13	**77,880**	228,251	**70,270**	94,203
Receivables	9	**234,029**	340,409	**81,985**	108,236
Current tax receivables	11	**11,321**	3,886	**7,069**	-
Inventories		**105**	1,548	**-**	1,408
Other financial assets at fair value through profit or loss	10	**15,474**	18,210	**15,474**	18,210
Derivative financial instruments	12	**279**	-	**279**	-
Other current assets	14	**3,917**	-	**3,739**	-
Total current assets		**1,035,730**	1,330,941	**542,269**	661,932
Non-current assets					
Property, plant and equipment	17	**177,425**	164,768	**55,557**	53,675
Intangible assets	19	**419,286**	410,408	**22,735**	26,184
Deferred tax assets	18	**68,091**	40,790	**22,823**	23,030
Other financial assets	16	**-**	-	**407,061**	395,603
Investments accounted for using the equity method	15	**26,648**	9,585	**7,750**	1,754
Derivative financial instruments	12	**-**	516	**-**	-
Other non-current assets	20	**-**	-	**4,301**	52,671
Total non-current assets		**691,450**	626,067	**520,227**	552,917
Total assets		**1,727,180**	1,957,008	**1,062,496**	1,214,849
LIABILITIES					
Current liabilities					
Trade and other payables	22	**908,501**	1,100,416	**402,269**	512,265
Borrowings	23	**51,590**	100,505	**38,797**	39,750
Provisions	24	**6,922**	6,695	**6,864**	6,603
Current tax liabilities	25	**1,702**	35,804	**-**	27,925
Derivative financial instruments	12	**7,366**	2,342	**7,309**	2,342
Total current liabilities		**976,081**	1,245,762	**455,239**	588,885
Non-current liabilities					
Payables	26	**22,668**	19,598	**53,489**	10,601
Borrowings	27	**75,968**	60,114	**-**	29,935
Deferred tax liabilities	28	**28,381**	16,064	**-**	-
Provisions	29	**11,662**	12,291	**10,332**	10,801
Derivative financial instruments	12	**1,731**	-	**-**	-
Total non-current liabilities		**140,410**	108,067	**63,821**	51,337
Total liabilities		**1,116,491**	1,353,829	**519,060**	640,222
Net assets		**610,689**	603,179	**543,436**	574,627
EQUITY					
Contributed equity	30	**377,602**	377,343	**377,602**	377,343
Reserves	31(a)	**(7,169)**	(43,626)	**(9,168)**	(5,879)
Retained profits	31(b)	**240,256**	269,462	**175,002**	203,163
Total equity		**610,689**	603,179	**543,436**	574,627

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

	Notes	Consolidated **30 June 2009** **$'000**	Consolidated 30 June 2008 Restated $'000	Parent **30 June 2009** **$'000**	Parent 30 June 2008 Restated $'000
Total equity at the beginning of the financial year		**603,179**	481,994	**574,627**	452,456
Changes in the fair value of available-for-sale financial assets, net of tax	31	**(17,272)**	(11,340)	**(5,636)**	(7,601)
Changes in the fair value of cash flow hedges, net of tax	31	**(2,833)**	516	**-**	-
Impairment of available-for-sale assets, net of tax	31	**18,990**	1,210	**2,288**	1,210
Net exchange differences on translation of foreign operations	31	**27,418**	(39,583)	**-**	-
Net income recognised directly in equity		**26,303**	(49,197)	**(3,348)**	(6,391)
Profit for the year		**38,164**	134,782	**29,114**	92,962
Total recognised income and expense for the year		**64,467**	85,585	**25,766**	86,571
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs	30	**259**	116,033	**259**	116,033
Tax effect of equity raising costs		**-**	482	**-**	482
Dividends provided for or paid	7	**(57,275)**	(80,981)	**(57,275)**	(80,981)
Employee share options	31	**59**	66	**59**	66
		(56,957)	35,600	**(56,957)**	35,600
Total equity at the end of the financial year		**610,689**	603,179	**543,436**	574,627
Total recognised income and expense for the year is attributable to:					
Members of Flight Centre Limited		**64,467**	85,585	**25,766**	86,571

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

	Notes	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 Restated $'000	Parent 30 June 2009 $'000	Parent 30 June 2008 Restated $'000
Cash flows from operating activities					
Receipts from customers (including GST)		**1,767,324**	1,419,878	**720,943**	747,047
Payments to suppliers and employees (including GST)		**(1,731,591)**	(991,036)	**(640,828)**	(475,534)
Interest received		**36,904**	43,938	**26,742**	30,866
Royalties received		**633**	747	**10,929**	20,366
Interest paid		**(24,943)**	(28,874)	**(12,012)**	(17,171)
Income taxes paid		**(60,823)**	(52,727)	**(53,362)**	(36,204)
Net cash (outflow) / inflow from operating activities	42	**(12,496)**	391,926	**52,412**	269,370
Cash flows from investing activities					
Payment for purchase of businesses and for additional issues of shares in subsidiaries		**(4,550)**	(110,469)	**(6,889)**	(103,382)
Payments for property, plant and equipment	17	**(64,322)**	(97,078)	**(18,413)**	(27,178)
Proceeds from sale of property, plant and equipment		**202**	-	**193**	-
Payments for intangibles		**(14,833)**	(25,060)	**(5,642)**	(11,353)
Payments for investments		**(11,606)**	(41,188)	**(7,000)**	(25,000)
Proceeds from sale of investments		**172,110**	57,895	**34,537**	41,620
Net cash (outflow) / inflow from investing activities		**77,001**	(215,900)	**(3,214)**	(125,293)
Cash flows from financing activities					
Advances / repayments of intercompany loans		**-**	-	**(29,770)**	(23,534)
Proceeds from borrowings		**109,991**	117,055	**14,976**	42,930
Issue of shares		**-**	116,033	**-**	116,033
Repayment of borrowings		**(143,936)**	(27,000)	**(50,681)**	(27,000)
Dividends paid to company's shareholders	7	**(57,275)**	(80,981)	**(57,275)**	(80,981)
Loans advanced to related parties		**(3,048)**	-	**(2,870)**	-
Net cash (outflow) / inflow from financing activities		**(94,268)**	125,107	**(125,620)**	27,448
Net (decrease) / increase in cash held		**(29,763)**	301,133	**(76,422)**	171,525
Cash and cash equivalents at the beginning of the financial year		**727,506**	453,100	**439,875**	268,350
Effects of exchange rate changes on cash and cash equivalents		**(5,770)**	(26,727)	**-**	-
Cash and cash equivalents at end of the year	8	**691,973**	727,506	**363,453**	439,875

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

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Flight Centre Limited as an individual entity and the consolidated entity consisting of Flight Centre Limited and its subsidiaries.

(a) Basis of preparation

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

Compliance with IFRS
Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of Flight Centre Limited comply with International Financial Reporting Standards (IFRS).

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and liabilities (including derivative instruments) at fair value through profit and loss.

Critical accounting estimates
The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

(b) Principles of consolidation

(i) Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Flight Centre Limited ("company" or "parent entity") as at 30 June 2009 and the results of all subsidiaries for the year then ended. Flight Centre Limited and its subsidiaries together are referred to in this financial report as the group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the group has the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group (refer to note 1(g)).

The group applies a policy of treating transactions with minority interests as transactions with parties external to the group. Disposals to minority interests result in gains and losses for the group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid on the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Flight Centre Limited.

(ii) Associates
Associates are all entities over which the group has significant influence but not control. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer to note 45).

1 Summary of significant accounting policies (continued)

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

(iii) Joint ventures
Interests in joint venture entities are accounted for in the consolidated financial statements using the equity method and are carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the joint venture entity is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the balance sheet. Details relating to the joint venture are set out in note 21.

Profits or losses on transactions with the joint venture are eliminated to the extent of the group's ownership interest until such time as they are realised by the joint venture entity on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

(c) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Flight Centre Limited's functional and presentation currency.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(iii) Foreign operations
The results and financial position of all the foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity.

Exchange differences arising from the translation of any net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or borrowings repaid, a proportionate share of such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rate.

(d) Revenue recognition

The group recognises revenue when the amount of revenue can be reliably measured, if it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

1 Summary of significant accounting policies (continued)

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

(i) Revenue from travel services
Revenue from the sale of travel services is recorded at the time of issuing travel documents consistent with an agency relationship. There is a portion of the United Kingdom (UK) business that recognises revenue on an availed basis under a principal relationship due to the different rules and regulations governing the Flight Centre 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 still operating as an agent.

(ii) Total Transaction Value
Total Transaction Value (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 various operations as agent for various airlines and other service providers, plus revenue from other sources. Flight Centre Limited's revenue is, therefore, derived from TTV. TTV is stated net of GST payable.

(iii) Lease income
Lease income from operating leases is recognised as income on a straight-line basis over the lease term.

(iv) Interest income
Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(v) Dividends
Dividends are recognised as revenue when the right to receive payment is established.

(vi) Royalties
Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement.

(e) Income tax

The income tax expense or revenue for the period is the tax payable on the current period’s taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax consolidation legislation
Flight Centre Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2003.

1 Summary of significant accounting policies (continued)

The head entity, Flight Centre Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Flight Centre Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. Details about the tax funding agreement are disclosed in note 6.

Any differences between the amounts assumed and amounts receivable or payable under the tax funding agreements are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(f) Leases

Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long-term payables. Interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

All leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term.

(g) Business combinations

The purchase method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price at the date of the exchange unless, in rare circumstances it can be demonstrated that the published price at the date of the exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Business combinations involving companies and businesses under common control are accounted for using the predecessor value method.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

1 Summary of significant accounting policies (continued)

(i) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade debtors are impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the impairment is recognised in the income statement in other expenses.

Trade receivables relating to volume incentives are recognised at the amount receivable when it is probable annual targets will be achieved.

(j) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

(k) Investments and other financial assets

Classification
The group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

(iii) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity. If the group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from reporting date, which are classified as current assets.

1 Summary of significant accounting policies (continued)

(iv) Available-for-sale financial assets
Available-for-sale financial assets, comprising principally marketable securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. The majority of these financial assets are made up of client monies that are effectively repayable on demand and therefore classified as current assets.

Recognition and derecognition
Regular purchases and sales of financial assets are recognised on trade-date - the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement
Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when the group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Fair value
The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment
The group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

If there is evidence of impairment for any of the group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the income statement.

(l) Derivatives

The group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are stated at fair value. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The method of recognising the resulting gain or loss depends on whether the derivative is designated as an effective hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge) or (2) hedges of highly probable forecast transactions (cash flow hedges).

1 Summary of significant accounting policies (continued)

(i) Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in the income statement within other income or other expenses.

(ii) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or other expense.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(iii) Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement and are included in other income or other expenses.

(m) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

1 Summary of significant accounting policies (continued)

(n) Property, plant and equipment

Buildings and other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Buildings	30 years
- Plant and equipment	2-8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement.

(o) Intangible assets

(i) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the group's interest in the net fair value of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Goodwill on acquisitions of businesses is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Goodwill is allocated to the group's cash-generating units (CGUs) identified according to relevant business and country of operation (note 19).

(ii) Software
Research costs associated with software development are expensed as incurred. Development expenditure incurred on an individual project is capitalised if the project is technically and commercially feasible and adequate resources are available to complete development. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Capitalised software is amortised using the straight-line method over the period of expected future benefits of the project, which varies from 2.5 to 5 years.

(iii) Other intangible assets
Other intangible assets such as brand names, customer contracts and licences are acquired as part of business combinations. Other intangible assets are recognised initially at fair value and where they have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate they may be impaired. Other assets are amortised over their expected useful life, not exceeding seven years.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

1 Summary of significant accounting policies (continued)

(q) Employee benefits

(i) Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave expected to be settled within 12 months of the reporting date are recognised in payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Sick leave is recognised as an expense when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations
The company provides benefit to employees on retirement through a defined contribution superannuation fund. Contributions to the defined contribution fund are recognised as an expense as they become payable.

(iv) Share-based payments
Share-based compensation benefits are provided to employees via the Flight Centre Limited Employee Option Plan, Senior Executive Option Plan and the Employee Share Plan. Information relating to these schemes is set out in note 44.

Share options
The fair value of options granted under the Flight Centre Limited Employee Option Plan are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, market conditions, the impact of dilution, the non-tradable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Share-based benefits are offered to employees through participation in the Flight Centre Limited Employee Share Plan. Full time employees are eligible to participate in the plan whereby shares may be purchased at market value and matched with an additional contribution equivalent to 10% of the overall value invested. The contribution offered to employees is expensed in the income statement with a corresponding increase in equity.

(v) Profit-sharing and bonus plans
A liability for employee benefits in the form of profit-sharing and bonus plans is recognised as payable when there is a contractual obligation or valid expectation that payment will be made. Employee profit-sharing and bonus payments are recognised and paid on a monthly basis.

(vi) Termination benefits
Termination benefits are payable when the employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(r) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

1 Summary of significant accounting policies (continued)

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(s) Provisions

Provisions for legal claims are recognised when the group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(t) Contributed equity

Ordinary shares are classified as equity (note 30).

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, eg as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(u) Rounding of amounts

The company is of a kind referred to in Class order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(v) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity on or before the end of the financial year but not distributed at balance date.

(w) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Client cash represents amounts from customers held before release to service and product suppliers.

(x) Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental costs relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

1 Summary of significant accounting policies (continued)

Borrowing costs are recognised as expenses in the period in which they are incurred and include:

- interest on bank overdrafts and short and long term borrowings; and
- unwinding of discount on deferred payables.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

(y) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2009 reporting period. The group has assessed the impact of these new standards and interpretations and no material impacts are expected apart from those set out below.

(i) AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* (effective from 1 January 2009)
AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The group will adopt AASB 8 from 1 July 2009. It is likely to result in an increase in the number of reportable segments presented. In addition, the segments will be reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. As goodwill is allocated by management to groups of cash-generating units on a segment level, the change in reportable segment may also require a reallocation of goodwill. However, this is not expected to result in any additional impairment of goodwill.

(ii) Revised AASB 123 *Borrowing Costs* and AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123* (effective from 1 January 2009)
The revised AASB 123 has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the group, as the group does already capitalise borrowing costs relating to qualifying assets.

(iii) Revised AASB 101 *Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101* (effective from 1 January 2009)
The September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet, this one being as at the beginning of the comparative period. The group will apply the revised standard from 1 July 2009.

(iv) AASB 2008-1 *Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations* (effective from 1 January 2009)
AASB 2008-1 clarifies that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The group will apply the revised standard from 1 July 2009, but it is not expected to affect the accounting for the group's share-based payments.

(v) Revised AASB 3 *Business Combinations,* AASB 127 *Consolidated and Separate Financial Statements* and AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127* (effective 1 July 2009)
The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs must be expensed. This is different to the group's current policy which is set out in note 1(g) above.

1 Summary of significant accounting policies (continued)

The revised AASB 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses, see note 1(b)(i). The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. This is consistent with the group's current accounting policy if significant influence is not retained.

The group will apply the revised standards prospectively to all business combinations and transactions with non-controlling interests from 1 July 2009.

(vi) AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (effective 1 July 2009)
The amendments to AASB 5 *Discontinued Operations* and AASB 1 *First-Time Adoption of Australian-Equivalents to International Financial Reporting Standards* are part of the IASB's annual improvements project published in May 2008. They clarify that all of a subsidiary's assets and liabilities are classified as held-for-sale if a partial disposal sale plan results in loss of control. Relevant disclosures should be made for this subsidiary if the definition of a discontinued operation is met. The Group will apply the amendments prospectively to all partial disposals of subsidiaries from 1 July 2009.

(vii) AASB 2008-7 *Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* (effective 1 July 2009)
In July 2008, the AASB approved amendments to AASB 1 *First-time Adoption of International Financial Reporting Standards* and AABS 127 *Consolidated and Separate Financial Statements.* The group will apply the revised rules prospectively from 1 July 2009. After that date, all dividends received from investments in subsidiaries, jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment. Under the entity's current policy, these dividends are deducted from the cost of the investment. Furthermore, when a new intermediate parent entity is created in internal reorganisations it will measure its investment in subsidiaries at the carrying amounts of the net assets of the subsidiary rather than the subsidiary's fair value.

(viii) AASB 2008-8 Amendment to IAS 39 *Financial Instruments: Recognition and Measurement*
AASB 2008-8 amends AASB 139 *Financial Instruments: Recognition and Measurement* and must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors.* The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. The group will apply the amended standard from 1 July 2009. It is not expected to have a material impact on the group's financial statements.

(z) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

(aa) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined primarily on the basis of average costs.

(ab) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

1 Summary of significant accounting policies (continued)

(ac) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment of goodwill
The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(o). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations use cash flow projections based upon financial budgets approved by management and cover a five-year period. The growth rate does not exceed the long-term average growth rate for the business in which the cash-generating unit operates. Refer to note 19 for details of these assumptions and the potential impacts of changes to the assumptions.

(ii) Make good provision
A provision is raised on inception of the lease where the lease agreement requires premises to be returned to their previous condition. An estimate is required to calculate the costs to bring premises to their original condition.

(iii) Provision for impairment of receivables
An estimate for doubtful debts is made when collection of the full amount receivable is no longer possible.

iv) Fair value of available-for-sale assets and financial assets at fair value through profit and loss
The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the group is the current bid price. The fair value of financial instruments traded in inactive markets is based on market indicators, including bid prices.

3 Revenue

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Total Transaction Value (TTV)	**11,241,846**	10,881,729	**4,470,527**	4,926,435
Revenue from the sale of travel services				
Commission and fees from the provision of travel	**1,096,809**	1,061,277	**505,138**	543,870
Revenue from the provision of travel	**309,237**	312,770	**140,205**	154,718
Other revenue from travel services *	**40,858**	26,280	**48,746**	29,054
	1,446,904	1,400,327	**694,089**	727,642
Revenue from the sale of travel as principal	**225,883**	40,039	**-**	-
Other revenue				
Rents and sub-lease rentals	**4,287**	2,062	**573**	465
Interest	**37,009**	43,938	**26,561**	30,886
Royalties	**633**	747	**10,929**	20,366
	41,929	46,747	**38,063**	51,717

Total Transaction Value (TTV)
Total Transaction Value (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 various operations, as agent for various airlines and other service providers, plus revenue from other sources. Flight Centre's revenue is derived from TTV.

* Parent includes rent received from related parties of $7.03M (2008: $4.55M).

4 Other income

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Foreign exchange gains	**2,799**	1,125	**2,602**	89

5 Expenses

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Profit before income tax includes the following specific expenses:				
Depreciation				
Buildings	**1,148**	429	**-**	-
Plant and equipment	**46,733**	34,066	**15,188**	12,626
Total depreciation	**47,881**	34,495	**15,188**	12,626
Amortisation				
Brand names	**4,169**	1,441	**-**	-
Other intangibles	**7,721**	8,121	**2,533**	1,993
Total amortisation	**11,890**	9,562	**2,533**	1,993
Other charges against assets				
Impairment charge of buildings	**7,321**	-	**-**	-
Impairment charge of goodwill / investment in subsidiary	**3,806**	-	**3,806**	1,706
Impairment charge of software	**14,509**	-	**-**	-
Loss of control / impairment of associates (note 45)	**3,513**	-	**-**	-
Bad debts	**3,750**	1,939	**1,721**	92
	32,899	1,939	**5,527**	1,798
Finance costs				
Interest and finance charges paid / payable	**25,196**	30,296	**9,722**	17,137
Unwind of make good provision discount	**164**	63	**147**	34
Defined contribution superannuation expense	**35,653**	36,011	**25,896**	27,138
Net loss on disposal of property, plant and equipment and intangible assets	**2,592**	1,642	**1,092**	628
Fair value losses on financial assets at fair value through profit or loss (note 10)	**2,736**	9,594	**2,736**	9,594
Rental expense relating to operating leases *				
Lease payments	**108,601**	100,209	**44,842**	52,901
Net loss on foreign currency				
Derivatives not qualifying as hedges (note 12)	**5,024**	2,343	**4,967**	2,343
Net loss on sale of available-for-sale financial assets (note 13)	**23,859**	-	**-**	-
Impairment losses - financial assets				
Available-for-sale financial assets	**3,268**	1,729	**3,268**	1,729
Trade receivables	**5,090**	3,835	**1,518**	1,780

* Elements of rental expense are contingent upon such factors as CPI growth and individual shop turnover growth. Total rental expense includes all elements of rent, including those that are contingent, to the extent known.

6 Income tax expense

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
(a) Income tax expense				
Current tax	**15,791**	76,706	**15,176**	49,362
Deferred tax	**(14,324)**	(9,396)	**974**	(7,783)
Under / (over) provision from previous years	**766**	(1,124)	**572**	(3,624)
Income tax expense	**2,233**	66,186	**16,722**	37,955
Deferred income tax (revenue) expense included in income tax expense comprises:				
Decrease / (increase) in deferred tax assets (note 18)	**(26,942)**	(11,193)	**673**	(9,184)
(Decrease) / increase in deferred tax liabilities (note 28)	**12,618**	1,797	**301**	1,401
	(14,324)	(9,396)	**974**	(7,783)
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit before income tax expense	**40,397**	200,968	**45,836**	130,917
Tax at the Australian tax rate of 30% (2008 - 30%)	**12,119**	60,290	**13,751**	39,276
Tax effect of amounts which are not deductible / (assessable) in calculating taxable income:				
Non deductible / (assessable) amounts	**1,694**	2,051	**456**	450
Intercompany loan forgiveness	**30**	-	**855**	-
Tax losses booked	**(14,500)**	-	**-**	-
Investment write-down	**2,312**	-	**1,142**	-
Other amounts	**318**	(368)	**89**	1,853
	1,973	61,973	**16,293**	41,579
Tax losses not recognised	**1,046**	5,241	**-**	-
Effect of different tax rates on overseas income	**(936)**	96	**-**	-
Under / (over) provision of prior year income tax	**150**	(1,124)	**429**	(3,624)
	260	4,213	**429**	(3,624)
Income tax expense	**2,233**	66,186	**16,722**	37,955

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
(c) Amounts recognised directly in equity				
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity				
Current tax - (credited) directly to equity (note 30)	**-**	(482)	**-**	(482)
Net deferred tax - (credited) / debited directly to equity (notes 18 and 28)	**(660)**	(5,756)	**(767)**	(5,617)

6 Income tax expense (continued)

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
(d) Tax losses				
Unused tax losses for which no deferred tax asset has been recognised	**8,630**	32,009	**-**	-
Potential tax benefit @ 30% (30% - 2008)	**2,589**	12,246	**-**	-

All unused tax losses in 2009 were incurred by entities in the Singapore, China and Hong Kong that are not part of the tax consolidated group.

(e) Tax consolidation legislation

Flight Centre Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003. The accounting policy in relation to this legislation is set out in note 1(e).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Flight Centre Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Flight Centre Limited for any current tax payable assumed and are compensated by Flight Centre Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Flight Centre Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity. This advice is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to pay tax installments. The funding amounts are recognised as current intercompany receivables or payables (see note 37(e)).

7 Dividends

	Parent	
	30 June 2009 $'000	30 June 2008 $'000
(a) Ordinary shares		
Final ordinary dividend for the year ended 30 June 2008 of 48.5 cents (2007: 46 cents) per fully paid share, paid on 10 October 2008, fully franked	**48,310**	43,628
Interim ordinary dividend for the year ended 30 June 2009 of 9.0 cents (2008: 37.5 cents) per fully paid share, paid on 27 March 2009, fully franked	**8,965**	37,353
	57,275	80,981

7 Dividends (continued)

(b) Dividends not recognised at the end of the year

	Parent	
	30 June 2009 $'000	30 June 2008 $'000
Since year-end the directors have recommended that no final dividend (2008: 48.5 cents) will be paid. The aggregate amount of the dividend paid on 10 October 2008 out of retained profits at 30 June 2008, but not recognised as a liability at year-end was $48.3M.	**-**	48,310

(c) Franked dividends

	Parent	
	30 June 2009 $'000	30 June 2008 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	**85,652**	74,169

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

(a) franking credits that will arise from the payment of the amount of the current tax liability
(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.

8 Current assets - Cash and cash equivalents

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Cash at bank and on hand	**160,921**	160,541	**134,845**	126,448
Client account	**531,804**	578,096	**228,608**	313,427
	692,725	738,637	**363,453**	439,875

8 Current assets - Cash and cash equivalents (continued)

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement as follows:

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Balances as above	**692,725**	738,637	**363,453**	439,875
Bank overdrafts (note 23)	**(752)**	(11,131)	**-**	-
Balances per cash flow statements	**691,973**	727,506	**363,453**	439,875

(b) Cash at bank and on hand

These are bearing interest at between 0% and 8.8% (2008: 0% and 12.25%) for an average term of less than 3 months.

(c) Client account

This is bearing interest at between 0% and 7% (2008: 0% and 11.25%) for an average term of less than 3 months.

The weighted average interest rate for the year was 3.58% (2008: 6.13%).

9 Current assets - Receivables

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Trade receivables				
Trade receivables	**195,791**	298,002	**65,189**	93,144
Client receivables	**14,181**	21,004	**4,000**	6,196
Less: Provision for impairment of receivables	**(5,843)**	(9,923)	**(1,714)**	(4,836)
	204,129	309,083	**67,475**	94,504
GST receivable	**3,043**	2,389	**704**	-
Prepayments	**22,115**	23,933	**12,670**	12,567
Other receivables	**4,742**	5,004	**1,136**	1,165
	234,029	340,409	**81,985**	108,236

(a) Impaired trade receivables

As at 30 June 2009 current trade receivables of the group with a nominal value of $5,843,092 (2008: $9,923,482) were impaired. As at 30 June 2009 current trade receivables of the parent with a nominal value of $1,714,255 (2008: $4,836,321) were impaired. The impaired receivables mainly relate to discrepancies under discussion with large corporates.

9 Current assets - Receivables (continued)

Movements in the provision for impairment of receivables are as follows:

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
At 1 July	**9,923**	7,949	**4,836**	4,118
Bad debts expense for the year	**8,840**	5,774	**3,239**	1,872
Bad debts written off directly to profit and loss	**(3,750)**	(1,939)	**(1,721)**	(92)
Balance acquired / (reduced) through acquisition / deconsolidation	**(3,672)**	397	**-**	-
Provision reversed during the year	**(4,957)**	(2,869)	**(4,640)**	(1,062)
Foreign exchange translation	**(541)**	611	**-**	-
	5,843	9,923	**1,714**	4,836

The creation and release of the provision for impaired receivables has been included in 'selling expenses' in the income statement.

(b) Past due but not impaired

As of 30 June 2009, trade receivables of the group of $6,344,351 (2008: $21,007,759) were past due but not impaired. As of 30 June 2009, trade receivables of the parent of $2,332,594 (2008: $9,168,084) were past due but not impaired. These receivables are due from a number of large corporate customers and suppliers and full recovery is expected due to contractual agreements. The ageing analysis of these trade receivables is as follows:

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Up to 9 months	**5,659**	17,395	**2,207**	8,194
Over 9 months	**685**	3,613	**126**	974
	6,344	21,008	**2,333**	9,168

(c) Other receivables

These amounts generally arise from transactions outside the group's usual operating activities. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

(d) Foreign exchange and interest rate risk

All receivables are non-interest bearing with the exception of receivables from controlled entities, which are bearing an interest rate at between 2.44% and 10.55% (2008: 1.97% and 12.47%).

Information about the group’s and the parent entity’s exposure to foreign currency risk and interest rate risk in relation to receivables is provided in note 32.

(e) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Client receivables credit risk exposure is mitigated by related client creditor balances. Refer to note 32 for more information on the risk management policy of the group and the credit quality of the entity's trade receivables.

10 Current assets - Other financial assets at fair value through profit or loss

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Debt securities	**15,474**	18,210	**15,474**	18,210

11 Current assets - Current tax receivables

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Income tax receivable	**11,321**	3,886	**7,069**	-

12 Derivative financial instruments

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Current assets				
Options ((a)(iii))	**279**	-	**279**	-
Non-current assets				
Interest rate swaps - cash flow hedges ((a)(i))	**-**	516	**-**	-
Total derivative financial instrument assets	**279**	516	**279**	-
Current liabilities				
Forward foreign exchange contracts - held for trading ((a)(ii))	**7,366**	2,342	**7,309**	2,342
Non-current liabilities				
Interest rate swaps - cash flow hedges ((a)(i))	**1,731**	-	**-**	-
Total derivative financial instrument liabilities	**9,097**	2,342	**7,309**	2,342

(a) Instruments used by the group

The group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest and foreign exchange rates in accordance with the group's financial risk management policies (refer to note 32).

(i) Interest rate swap contracts - cash flow hedges

Bank loans of the group currently bear an average variable interest rate of 3.37% (2008: 5.80%). It is group policy to protect part of the loans from exposure to increasing interest rates. Accordingly, the group has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

Swaps currently in place cover approximately 65% (2008: 49%) of the associated loan principal outstanding. The fixed interest rate is 3.15% (2008: 3.15%) and the variable rate at balance date was 1.07% (2008: 2.91%).

The contracts require settlement of net interest receivable or payable each 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt up to January 2011.

12 Derivative financial instruments (continued)

The gain or loss from remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and re-classified into profit and loss when the hedged interest expense is recognised. The ineffective portion is recognised in the income statement immediately. In the year ended 30 June 2009, there was no ineffectiveness to be recognised.

(ii) Forward exchange contracts

The group has entered into forward exchange contracts which are economic hedges but do not satisfy the requirements for hedge accounting. These contracts are subject to the same risk management policies as all other derivative contracts, see note 32 for details. However, foreign gains or losses on these contracts are recognised through the income statement.

(iii) Business Acquisition Option
The group entered into an option contract to acquire the business of Air Services International Pte. Ltd travel agency business based in Singapore. The option is exercisable on completion of its 31 December 2009 year-end accounts.

(b) Risk exposures

Information about the group's and the parent entity's exposure to credit risk, foreign exchange and interest rate risk is provided in note 32.

13 Current assets - Available-for-sale financial assets

	Consolidated		**Parent**	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Debt securities	**77,880**	195,202	**70,270**	94,203
Equity securities	**-**	33,049	**-**	-
	77,880	228,251	**70,270**	94,203

Changes in the fair value of available-for-sale financial assets are recognised as a separate component within equity until the instrument is sold, collected or otherwise disposed of, or until an investment is determined to be impaired, and then transferred to the income statement.

These are bearing interest at between 0% and 10.75% (2008: 2% and 12%).

The weighted average interest rate for the year was 4.44% (2008: 6.50%).

(a) Impairment and risk exposure

The maximum exposure to credit risk at the reporting date is the fair value of the traded securities classified as available-for-sale.

An impairment charge of $3.27M has been written off to the income statement in the 2009 year (2008: $1.73M), calculated with reference to market prices in line with Flight Centre Limited's group policy. This impairment was triggered by financial difficulties of the issuer of a fixed rate note held by the parent entity. A loss on sale of actively traded equity securities of $23.9M was incurred by Flight Centre's US subsidiary.

14 Current assets - Other current assets

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Loans to related parties *	**3,917**	-	**3,739**	-

* See note 37 for terms of the loans.

15 Non-current assets - Investments accounted for using the equity method

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Shares in associates (note 45)	**18,898**	7,831	**-**	-
Interest in joint ventures (note 21)	**7,750**	1,754	**7,750**	1,754
	26,648	9,585	**7,750**	1,754

(a) Shares in associates

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting (refer to note 45).

(b) Interest in joint ventures

Interest in joint ventures are accounted for in the consolidated financial statements using the equity method of accounting (refer to note 21).

16 Non-current assets - Other financial assets

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Units in Flight Centre Office Trust	**-**	-	**19,500**	12,500
Shares in subsidiaries - at cost (note 39)	**-**	-	**387,561**	383,103
	-	-	**407,061**	395,603

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Balance at 1 July	**-**	-	**395,603**	291,181
Acquisitions of subsidiaries	**-**	-	**2,954**	-
Units in unit trust	**-**	-	**7,000**	12,500
Impairment of investments in subsidiaries	**-**	-	**(3,806)**	(1,706)
Share buy-back of investment	**-**	-	**(11,899)**	-
Transfer of investment to joint venture	**-**	-	**(1,110)**	-
Additional investments in existing subsidiaries	**-**	-	**18,319**	93,628
	-	-	**407,061**	395,603

17 Non-current assets - Property, plant and equipment

Consolidated	**Freehold land & buildings $'000**	**Plant and equipment $'000**	**Total $'000**
At 1 July 2007			
Cost	386	212,974	213,360
Accumulated depreciation	(48)	(126,406)	(126,454)
Net book amount	338	86,568	86,906
Year ended 30 June 2008			
Opening net book amount	338	86,568	86,906
Exchange differences	(47)	(974)	(1,021)
Acquisitions	-	17,515	17,515
Additions	36,693	60,385	97,078
Disposals	-	(1,215)	(1,215)
Depreciation charge	(429)	(34,066)	(34,495)
Closing net book amount	36,555	128,213	164,768
At 30 June 2008			
Cost	37,023	267,198	304,221
Accumulated depreciation	(468)	(138,985)	(139,453)
Net book amount	36,555	128,213	164,768

Consolidated	**Freehold land & buildings $'000**	**Plant and equipment $'000**	**Total $'000**
Year ended 30 June 2009			
Opening net book amount	36,555	128,213	164,768
Exchange differences	280	10,431	10,711
Acquisitions	-	322	322
Additions	11,925	52,397	64,322
Disposals / deconsolidation	-	(7,496)	(7,496)
Impairment of assets	(7,321)	-	(7,321)
Depreciation charge	(1,148)	(46,733)	(47,881)
Closing net book amount	40,291	137,134	177,425
At 30 June 2009			
Cost	49,227	322,852	372,079
Accumulated depreciation	(8,936)	(185,718)	(194,654)
Net book amount	40,291	137,134	177,425

17 Non-current assets - Property, plant and equipment (continued)

Parent	**Plant and equipment $'000**	**Total $'000**
At 1 July 2007		
Cost	93,462	93,462
Accumulated depreciation	(53,711)	(53,711)
Net book amount	39,751	39,751
Year ended 30 June 2008		
Opening net book amount	39,751	39,751
Acquisitions	-	-
Additions	27,178	27,178
Disposals	(628)	(628)
Depreciation charge	(12,626)	(12,626)
Closing net book amount	53,675	53,675
At 30 June 2008		
Cost	113,162	113,162
Accumulated depreciation	(59,487)	(59,487)
Net book amount	53,675	53,675

Parent	**Plant and equipment $'000**	**Total $'000**
Year ended 30 June 2009		
Opening net book amount	53,675	53,675
Additions	18,413	18,413
Disposals	(1,343)	(1,343)
Depreciation charge	(15,188)	(15,188)
Closing net book amount	55,557	55,557
At 30 June 2009		
Cost	130,233	130,233
Accumulated depreciation	(74,676)	(74,676)
Net book amount	55,557	55,557

a) Impairment charge

The impairment charge to land and buildings in 2009 arose due to the decline in the value of the buildings in Melbourne ($6.5M) and South Africa ($0.8M). This was following management obtaining external market valuations as part of the group's impairment testing.

18 Non-current assets - Deferred tax assets

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
The balance comprises temporary differences attributable to:				
Doubtful debts	**1,571**	2,820	**723**	1,362
Employee benefits	**11,035**	11,897	**8,186**	8,679
Provision for asset write-down	**4,333**	-	**-**	-
Property, plant and equipment	**8,265**	3,289	**206**	55
Accruals	**7,923**	7,995	**3,125**	3,890
Investment write-down	**9,125**	6,587	**9,017**	6,447
Unearned income	**625**	1,303	**625**	1,302
Other	**7,397**	6,372	**1,798**	2,125
Losses	**15,919**	-	**-**	-
Unrealised foreign exchange	**-**	1,867	**-**	1,866
Leasing	**7,244**	3,705	**4,489**	2,349
	73,437	45,835	**28,169**	28,075
Set-off of deferred tax liabilities pursuant to set-off provisions (note 28)	**(5,346)**	(5,045)	**(5,346)**	(5,045)
Net deferred tax assets	**68,091**	40,790	**22,823**	23,030
Deferred tax assets to be recovered within 12 months	**27,459**	23,867	**10,254**	13,952
Deferred tax assets to be recovered after more than 12 months	**45,978**	21,968	**17,915**	14,123
	73,437	45,835	**28,169**	28,075

Movements - Consolidated	**Financial assets $'000**	**Employee benefits $'000**	**Doubtful debts $'000**	**Depreciation $'000**	**Accruals $'000**	**Leasing $'000**
At 1 July 2007	464	8,328	2,084	2,876	2,691	887
Credited / (charged) to the income statement	367	2,181	736	413	1,914	2,818
Credited / (charged) directly to equity	5,756	-	-	-	-	-
Acquisition of subsidiaries	-	1,388	-	-	3,390	-
At 30 June 2008	6,587	11,897	2,820	3,289	7,995	3,705

Movements - Consolidated	**Other $'000**	**Total $'000**
At 1 July 2007	3,544	20,874
Credited / (charged) to the income statement	2,764	11,193
Credited / (charged) directly to equity	-	5,756
Acquisition of subsidiaries	3,234	8,012
At 30 June 2008	9,542	45,835

18 Non-current assets - Deferred tax assets (continued)

Movements - Consolidated	**Financial assets $'000**	**Employee benefits $'000**	**Doubtful debts $'000**	**Depreciation $'000**	**Accruals $'000**	**Leasing $'000**
At 30 June 2008	6,587	11,897	2,820	3,289	7,995	3,705
Credited / (charged) to the income statement	1,878	(862)	(1,249)	4,976	(72)	3,539
Credited / (charged) directly to equity	660	-	-	-	-	-
At 30 June 2009	9,125	11,035	1,571	8,265	7,923	7,244

Movements - Consolidated	**Other $'000**	**Total $'000**
At 30 June 2008	9,542	45,835
Credited / (charged) to the income statement	18,732	26,942
Credited / (charged) directly to equity	-	660
At 30 June 2009	28,274	73,437

Movements - Parent entity	**Financial Assets $'000**	**Employee benefits $'000**	**Doubtful debts $'000**	**Depreciation $'000**	**Accruals $'000**	**Leasing $'000**
At 1 July 2007	464	6,908	1,235	-	1,627	830
Credited / (charged) to the income statement	366	1,771	127	55	2,263	1,519
Credited / (charged) directly to equity	5,617	-	-	-	-	-
At 30 June 2008	6,447	8,679	1,362	55	3,890	2,349

Movements - Parent entity	**Other $'000**	**Total $'000**
At 1 July 2007	2,210	13,274
Credited / (charged) to the income statement	3,083	9,184
Credited / (charged) directly to equity	-	5,617
At 30 June 2008	5,293	28,075

18 Non-current assets - Deferred tax assets (continued)

Movements - Parent entity	Financial assets $'000	Employee benefits $'000	Doubtful debts $'000	Depreciation $'000	Accruals $'000	Leasing $'000
At 30 June 2008	6,447	8,679	1,362	55	3,890	2,349
Credited / (charged) to the income statement	1,802	(494)	(640)	151	(765)	2,141
Credited / (charged) directly to equity	767	-	-	-	-	-
At 30 June 2009	9,016	8,185	722	206	3,125	4,490

Movements - Parent entity	Other $'000	Total $'000
At 30 June 2008	5,293	28,075
Credited / (charged) to the income statement	(2,868)	(673)
Credited / (charged) directly to equity	-	767
At 30 June 2009	2,425	28,169

19 Non-current assets - Intangible assets

Consolidated	Goodwill $'000	Brand names and customer relationships $'000	Other intangible assets $'000	Total $'000
At 1 July 2007				
Cost	183,452	-	55,144	238,596
Accumulated amortisation and impairment	-	-	(34,640)	(34,640)
Net book amount	183,452	-	20,504	203,956
Year ended 30 June 2008				
Opening net book amount	183,452	-	20,504	203,956
Exchange differences	(25,145)	(4,941)	(2,343)	(32,429)
Additions	6,174	-	18,886	25,060
Acquisitions	159,574	63,655	2,242	225,471
Disposals	(894)	-	(1,194)	(2,088)
Amortisation charge *	-	(1,441)	(8,121)	(9,562)
Closing net book amount	323,161	57,273	29,974	410,408
At 30 June 2008				
Cost	323,161	58,714	70,357	452,232
Accumulated amortisation and impairment	-	(1,441)	(40,383)	(41,824)
Net book amount	323,161	57,273	29,974	410,408

Consolidated	Goodwill $'000	Brand names and customer relationships $'000	Other intangible assets $'000	Total $'000
Year ended 30 June 2009				
Opening net book amount	323,161	57,273	29,974	410,408
Exchange differences	28,302	10,631	1,192	40,125
Additions	11,036	-	16,234	27,270
Acquisitions	590	-	-	590
Disposals / Deconsolidation	(28,480)	-	(422)	(28,902)
Impairment ***	(3,806)	-	(14,509)	(18,315)
Amortisation charge *	-	(4,169)	(7,721)	(11,890)
Closing net book amount	330,803	63,735	24,748	419,286
At 30 June 2009				
Cost	334,609	69,345	87,361	491,315
Accumulated amortisation and impairment	(3,806)	(5,610)	(62,613)	(72,029)
Net book amount	330,803	63,735	24,748	419,286

19 Non-current assets - Intangible assets (continued)

Parent	**Goodwill** $'000	**Other intangible assets** $'000	**Total** $'000
At 1 July 2007			
Cost	8,701	21,291	29,992
Accumulated amortisation and impairment	-	(12,877)	(12,877)
Net book amount	8,701	8,414	17,115
Year ended 30 June 2008			
Opening net book amount	8,701	8,414	17,115
Additions	650	10,703	11,353
Transferred to patents	-	(291)	(291)
Amortisation charge **	-	(1,993)	(1,993)
Closing net book amount	9,351	16,833	26,184
At 30 June 2008			
Cost	9,351	30,966	40,317
Accumulated amortisation and impairment	-	(14,133)	(14,133)
Net book amount	9,351	16,833	26,184

Parent	**Goodwill** $'000	**Other intangible assets** $'000	**Total** $'000
Year ended 30 June 2009			
Opening net book amount	9,351	16,832	26,183
Additions	-	6,491	6,491
Disposals	-	(221)	(221)
Intercompany transfers	-	(7,185)	(7,185)
Amortisation charge **	-	(2,533)	(2,533)
Closing net book amount	9,351	13,384	22,735
At 30 June 2009			
Cost	9,351	30,050	39,401
Accumulated amortisation and impairment	-	(16,666)	(16,666)
Net book amount	9,351	13,384	22,735

Other intangible assets predominantly relate to software.

* Amortisation of $11.9M (2008: $9.6M) is included in depreciation and amortisation expense in the income statement.

** Amortisation of $2.5M (2008: $2M) is included in depreciation and amortisation expense in the income statement.

*** The impairment charge to software in 2009 arose due to the write-off of an internal project.

(a) Impairment tests for goodwill

Goodwill is allocated to the group's cash-generating units (CGUs) identified according to relevant business and country of operation.

A segment-level summary of the goodwill allocation is presented below.

19 Non-current assets - Intangible assets (continued)

Goodwill	**Australia** $'000	**UK** $'000	**North America** $'000	**Other countries *** $'000	**Total** $'000
2009	51,859	81,234	184,068	13,642	330,803
2008	51,737	81,704	157,082	32,638	323,161

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates. Cash flows beyond five years were not used. There were no growth rates used to calculate the terminal values of CGUs.

* Other countries consists of a number of individually insignificant CGU's.

(b) Key assumptions used for value-in-use calculations

CGU	**Gross margin ***		**Growth rate ****		**Discount rate *****	
	30 June 2009 %	30 June 2008 %	**30 June 2009 %**	30 June 2008 %	**30 June 2009 %**	30 June 2008 %
Goodwill						
Australia	**8.8**	8.8	**-**	-	**14.1**	16.0
North America	**10.9**	9.9	**-**	-	**14.1**	16.0
UK	**12.4**	12.2	**-**	-	**14.1**	16.0
Other countries	**7.5**	7.6	**-**	-	**14.1**	16.0

* Budgeted gross margin.
** Weighted average growth rate used to extrapolate cash flows beyond the budget period.
*** In performing the value-in-use calculations for each CGU, the company has applied pre-tax discount rates to discount the forecast future attributable pre-tax cash flows.

These assumptions have been used for the analysis of each CGU within the business segment. Management determined budgeted gross margin based on past performance and future expectations.

(c) Impairment charge

The impairment charge to goodwill in 2009 arose in relation to Hong Kong ($0.6M) and China ($3.2M). In prior years there have been small losses in both these entities and a decision has been made to write off all goodwill associated with these CGU's.

20 Non-current assets - Other non-current assets

	Consolidated		**Parent**	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Loans to subsidiaries	**-**	-	**-**	52,671
Borrowing costs paid on behalf of the group	**-**	-	**4,301**	-
	-	-	**4,301**	52,671

21 Interests in joint ventures

The group is involved in four joint ventures as follows:

On 21 January 2008 Flight Centre Limited acquired a 50% shareholding in Employment Office Australia Pty Ltd, a Brisbane-based recruitment business incorporated in Australia.

On 1 August 2008 Flight Centre Limited acquired a 50% shareholding in Intrepid Travel Pty Ltd, a Melbourne-based adventure travel business incorporated in Australia.

On 31 August 2008 Flight Centre Limited acquired a 50% shareholding in Pedal Group Pty Ltd. Pedal Group has a 100% shareholding in 99 Bikes Pty Ltd, a Brisbane-based chain of retail bike stores and a 100% shareholding in Advance Traders (Australia) Pty Ltd, a Melbourne-based wholesale bike company. All companies are incorporated in Australia.

On 31 October 2008 Flight Centre Limited acquired 100% of the equity of Back Roads Touring Co. Ltd, a bus touring company based in London, United Kingdom. On 2 February 2009 Back Roads issued shares to a third party in what was deemed to be a dilution of 25% of Flight Centre's shareholding. In addition to owning 25% of the shares in Back Roads the third party also obtained an option to purchase a further 25% shareholding. This purchase and option over shares in Back Roads by the third party meant that from 2 February 2009 Flight Centre had joint control over Back Roads and would account for the entity as a joint venture.

Information relating to the joint ventures is presented in accordance with the accounting policy described in note 1(b)(iii) and is set out below.

			Carrying value of investment			
	Ownership interest		**Consolidated**		**Parent**	
Name	**2009**	2008	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Employment Office Australia Pty Ltd	**50 %**	50 %	**2,507**	1,754	**2,507**	1,754
Intrepid Travel Pty Ltd	**50 %**	- %	**2,194**	-	**2,194**	-
Pedal Group Pty Ltd	**50 %**	- %	**1,939**	-	**1,939**	-
Back Roads Touring Co. Ltd	**75 %**	- %	**1,110**	-	**1,110**	-
			7,750	1,754	**7,750**	1,754

Share of joint venture revenue, expenses and results

	Consolidated		**Parent**	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Revenues	**5,612**	1,730	**5,612**	1,730
Expenses	**(6,134)**	(1,405)	**(6,134)**	(1,405)
Profit / (loss) after income tax	**(522)**	325	**(522)**	325

	30 June 2009 $'000	30 June 2008 $'000
Share of joint venture assets and liabilities		
Current assets	**3,991**	904
Non-current assets	**5,738**	28
Total assets	**9,729**	932
Current liabilities	**5,370**	256
Non-current liabilities	**15**	-
Total liabilities	**5,385**	256
Net assets	**4,344**	676

21 Interests in joint ventures (continued)

	30 June 2009 $'000	30 June 2008 $'000
Share of joint venture commitments		
Lease commitments	**558**	58

22 Current liabilities - Trade and other payables

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Trade payables	**183,096**	226,868	**57,674**	69,425
Client creditors	**695,634**	835,053	**307,239**	403,585
Accrued unsecured note interest	**3,488**	5,914	**2,142**	4,147
GST payable	**-**	-	**-**	78
Annual leave	**22,648**	26,107	**12,440**	13,856
Accrual for vouchers	**3,079**	1,778	**1,191**	1,285
Contingent consideration *	**556**	4,696	**500**	-
Loans from subsidiaries **	**-**	-	**21,083**	19,889
	908,501	1,100,416	**402,269**	512,265

* See note 26 for more information.

** See note 37 for terms of the loans.

(a) **Risk exposure**

Information about the group's and the parent entity's exposure to foreign exchange risk is provided in note 32.

23 Current liabilities - Borrowings

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Secured				
Bank overdrafts	**752**	11,131	**-**	-
Bank loan	**9,376**	3,625	**-**	-
Unsecured				
Bank loan	**-**	41,515	**-**	-
Unsecured notes principal	**41,462**	44,234	**38,797**	39,750
Total current borrowings	**51,590**	100,505	**38,797**	39,750

Unsecured notes

These relate to the group's Business Ownership Scheme and are repayable on demand by either party or upon termination of the note holder's employment. Interest is generally payable monthly, two months in arrears.

The weighted average interest rate for the group during the year was 27.06% (2008: 47.92%) and for the parent was 23.61% (2008: 46.09%), calculated on the face value of the unsecured notes principal.

Bank overdraft

Total secured overdraft facilities available to the group are $1.27M (2008: $12.6M). These bear interest at 5.25% (2008: 12.25%). Total unsecured overdraft facilities available to the group are $0 (2008: $0).

(a) **Risk exposures**

Details of the group's exposure to risks arising from current borrowings are set out in note 32.

24 Current liabilities - Provisions

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Employee benefits - Long service leave	**6,922**	6,695	**6,864**	6,603

25 Current liabilities - Current tax liabilities

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Provision for taxation	**1,702**	35,804	**-**	27,925

26 Non-current liabilities - Payables

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Lease incentive liability	**9,406**	2,761	**6,744**	1,832
Loans from subsidiaries *	**-**	-	**37,941**	-
Contingent consideration	**3,115**	8,210	**2,930**	3,269
Straight-line lease liability	**10,147**	8,627	**5,874**	5,500
	22,668	19,598	**53,489**	10,601

* See note 37 for terms of the loans.

Contingent consideration

	Consolidated	Parent
	30 June 2009 $'000	**30 June 2009 $'000**
Current		
As at 1 July 2008	4,696	-
Payments	(59)	-
Disposals / deconsolidation	(15,631)	-
Additions	10,330	-
Reclassification from non-current	1,220	500
As at 30 June 2009	**556**	**500**
Non-current		
As at 1 July 2008	8,210	3,269
Payments	(110)	-
Disposals / deconsolidation	(4,111)	(37)
Additions	346	198
Reclassification to current	(1,220)	(500)
As at 30 June 2009	**3,115**	**2,930**
Total contingent consideration	**3,671**	**3,430**

Contingent consideration is payable to previous owners of businesses that Flight Centre Limited has purchased. Payments are calculated based upon annual growth rates of earnings of the business acquired. Estimate of future payments are recognised as liabilities and have been discounted to their present values.

27 Non-current liabilities - Borrowings

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Secured				
Bank loan	**6,489**	30,179	**-**	-
Unsecured				
Bank loan	**69,479**	29,935	**-**	29,935
Total non-current borrowings	**75,968**	60,114	**-**	29,935

(a) Financing arrangements

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Bank loan facilities				
Total facilities	**192,300**	173,295	**20,000**	95,000
Used at balance date	**86,096**	116,385	**-**	29,935
Unused at balance date	**106,204**	56,910	**20,000**	65,065

Bank loan facilities have terms ranging from 2 years to 10 years at floating interest rates.

The current interest rates on bank loan facilities range from 3.37% - 9.9% (2008: 2.77 - 12.25%)

A purchase card facility of $30M is available to the company (2008: $23M).

Bank of guarantees / Letter of credit facilities

Letters of credit facilities of $200M are available to the company (2008: $183M). The total letters of credit issued under these facilities were $101M (2008: $106M).

Bank guarantees and letters of credit are provided as security on various facilities with vendors and in accordance with local travel agency licensing and International Air Transport Regulations.

(b) Fair value

The carrying amounts and fair values of borrowings at balance date are:

	30 June 2009		30 June 2008	
	Carrying amount $'000	**Fair value $'000**	Carrying amount $'000	Fair value $'000
On-balance sheet				
Non-traded financial liabilities				
Bank overdrafts	**752**	**752**	11,131	11,131
Bank loans	**85,344**	**85,344**	105,255	105,255
Unsecured notes principal	**41,462**	**41,462**	44,234	44,234
	127,558	**127,558**	160,620	160,620

27 Non-current liabilities - Borrowings (continued)

(c) Assets pledged as security for secured liabilities

The carrying amounts of assets pledged as security for current and non current borrowings are:

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Current				
Receivables	**-**	33,825	**-**	-
Non-current				
Plant and equipment	**-**	4,198	**-**	-
Buildings	**10,353**	27,155	**-**	-
Total assets pledged as security	**10,353**	65,178	**-**	-

28 Non-current liabilities - Deferred tax liabilities

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
The balance comprises temporary differences attributable to:				
Receivables	**3,146**	2,836	**2,799**	2,783
Property, plant and equipment	**27,643**	16,708	**1,176**	1,707
Unrealised foreign exchange	**456**	-	**456**	-
Investments	**-**	418	**-**	-
Other	**2,443**	1,129	**915**	555
Prepayments	**39**	18	**-**	-
	33,727	21,109	**5,346**	5,045
Set-off of deferred tax liabilities of parent entity pursuant to set-off provisions (note 18)	**(5,346)**	(5,045)	**(5,346)**	(5,045)
Net deferred tax liabilities	**28,381**	16,064	**-**	-
Deferred tax liabilities to be settled within 12 months	**3,186**	2,854	**2,799**	2,783
Deferred tax liabilities to be settled after more than 12 months	**30,541**	18,255	**2,547**	2,262
	33,727	21,109	**5,346**	5,045

28 Non-current liabilities - Deferred tax liabilities (continued)

Movements - Consolidated	**Receivables $'000**	**Depreciation $'000**	**Foreign exchange movements $'000**	**Other $'000**	**Total $'000**
At 1 July 2007	2,713	774	9	393	3,889
Charged / (credited) to the income statement	123	1,157	(9)	526	1,797
Charged directly to equity	-	-	-	(2,277)	(2,277)
Acquisition of subsidiaries	-	14,777	-	2,923	17,700
At 30 June 2008	2,836	16,708	-	1,565	21,109

Movements - Consolidated	**Receivables $'000**	**Depreciation $'000**	**Foreign exchange movements $'000**	**Other $'000**	**Total $'000**
At 30 June 2008	2,836	16,708	-	1,565	21,109
Charged / (credited) to the income statement	310	10,935	456	917	12,618
At 30 June 2009	3,146	27,643	456	2,482	33,727

Movements - Parent	**Receivables $'000**	**Depreciation $'000**	**Foreign exchange movements $'000**	**Other $'000**	**Total $'000**
At 1 July 2007	2,704	588	9	343	3,644
Charged / (credited) to the income statement	80	1,119	(9)	211	1,401
At 30 June 2008	2,784	1,707	-	554	5,045

Movements - Parent	**Receivables $'000**	**Depreciation $'000**	**Foreign exchange movements $'000**	**Other $'000**	**Total $'000**
At 30 June 2008	2,784	1,707	-	554	5,045
Charged / (credited) to the income statement	15	(531)	456	361	301
At 30 June 2009	2,799	1,176	456	915	5,346

29 Non-current liabilities - Provisions

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Employee benefits - Long service leave	**7,984**	8,473	**7,984**	8,473
Make good provision	**3,678**	3,818	**2,348**	2,328
	11,662	12,291	**10,332**	10,801

Movements in provisions
Movements in each class of provision, other than employee benefits, for the financial year are set out below:

	Make good provision $'000
Consolidated - 2009	
Non-current	
Carrying amount at start of year	3,818
Additional provisions recognised	1,303
Decrease in provision	(1,607)
Increase in discounted amount arising from passage of time and effect of any change in the discount rate	164
Carrying amount at end of year	3,678

	Make good provision $'000
Consolidated - 2008	
Non-current	
Carrying amount at start of year	3,412
Additional provisions recognised	818
Decrease in provision	(475)
Increase in discounted amount arising from passage of time and effect of any change in the discount rate	63
Carrying amount at end of year	3,818

	Make good provision $'000
Parent - 2009	
Non-current	
Carrying amount at start of year	2,328
Additional provisions recognised	817
Decrease in provision	(944)
Increase in discounted amount arising from passage of time and effect of any change in the discount rate	147
Carrying amount at end of year	2,348

29 Non-current liabilities - Provisions (continued)

	Make good provision $'000
Parent - 2008	
Non-current	
Carrying amount at start of year	2,769
Additional provisions recognised	(475)
Increase in discounted amount arising from passage of time and effect of any change in the discount rate	34
Carrying amount at end of year	2,328

The group is required to restore the leased premises of its retail stores to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements and restore the leased premises. These costs have been capitalised as part of the cost of the leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets.

30 Contributed equity

		30 June 2009 Shares	30 June 2008 Shares	**30 June 2009 $'000**	30 June 2008 $'000
(a) Share capital					
Fully paid ordinary shares	(b)(c)	**99,644,038**	99,608,807	**377,602**	377,343

(b) Movements in ordinary share capital:

Date	Details	Number of shares	Issue price	$'000
1 July 2007	Opening balance	94,471,035		260,828
6 September 2007	Senior executive option scheme	60,000	$10.66	640
12 September 2007	Senior executive option scheme	60,000	$10.66	640
19 September 2007	Senior executive option scheme	30,000	$10.66	320
20 September 2007	Senior executive option scheme	30,000	$10.66	320
20 September 2007	Employee options plan	1,152	$19.70	23
2 October 2007	Senior executive option scheme	60,000	$10.66	640
19 November 2007	Share issue	4,255,000	$23.50	99,992
17 December 2007	Share issue	635,083	$23.50	14,924
3 January 2008	Senior executive option scheme	1,800	$22.46	40
15 January 2008	Senior executive option scheme	1,800	$22.46	40
13 February 2008	Employee options plan	2,937	$19.70	58
	Equity raising costs			(1,604)
	Equity raising costs tax adjustment			482
30 June 2008	Balance	99,608,807		377,343
1 July 2008	Opening balance	99,608,807		377,343
30 June 2009	Employee share scheme	35,231	$7.35	259
30 June 2009	Balance	99,644,038		377,602

30 Contributed equity (continued)

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands, every holder of ordinary shares present at a meeting either in person or by proxy is entitled to one vote. Upon a poll, each share is entitled to one vote.

(d) Employee option plan

Information relating to the Flight Centre Limited Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 44.

(e) Capital management

Flight Centre Limited maintains a conservative funding structure that allows the company to meet its operational requirements, while providing sufficient flexibility to fund future strategic opportunities.

The group's capital structure includes a mix of debt (refer to borrowings note 27), general cash (refer cash and cash equivalents note 8) and equity attributable to the parent's equity holders. This comprises issued capital, reserves and retained earnings disclosed in notes 30 and 31.

During 2008/09, the company sought to strengthen its balance sheet in a challenging trading climate by increasing general cash and reducing debt.

As part of this proactive strategy, Flight Centre Limited's Board elected to preserve the funds that would have normally been returned to shareholders as a final dividend for 2008/09. The Board intends to restore its policy of returning 50-60% of net profit after tax to shareholders as soon as it is reasonable to do so.

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Total borrowings	**127,558**	160,620	**38,797**	69,685
Total equity	**610,689**	603,179	**543,436**	574,627
Gearing ratio	**21 %**	27 %	**7 %**	12 %

(f) Employee share plan

Information relating to the Flight Centre Limited Employee Share Plan is set out in the directors' report.

(g) Senior executive option plan

Information relating to the Flight Centre Limited Senior Executive Option Plan, including details of options issued during the financial year, is set out in the directors' report.

31 Reserves and retained profits

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 Restated $'000	**30 June 2009 $'000**	30 June 2008 Restated $'000
(a) Reserves				
Available-for-sale investments revaluation reserve	**(8,871)**	(10,589)	**(10,198)**	(6,850)
Share-based payments reserve	**1,030**	971	**1,030**	971
Foreign currency translation reserve	**(17,626)**	(45,044)	**-**	-
Hedging reserve - cash flow hedges	**(2,317)**	516	**-**	-
Capital redemption reserve	**20,615**	10,520	**-**	-
	(7,169)	(43,626)	**(9,168)**	(5,879)

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Movements:				
Available-for-sale investments revaluation reserve				
Balance 1 July	**(10,589)**	(459)	**(6,850)**	(459)
Revaluation gross	**(24,674)**	(17,014)	**(8,052)**	(14,009)
Deferred tax (note 18)	**7,402**	5,674	**2,416**	6,408
Unrealised loss on sale taken to income statement	**23,859**	-	**-**	-
Deferred tax (note 18)	**(7,157)**	-	**-**	-
Impairment on disposal of equity interest	**3,268**	1,729	**3,268**	1,729
Deferred tax (note 18)	**(980)**	(519)	**(980)**	(519)
Balance 30 June	**(8,871)**	(10,589)	**(10,198)**	(6,850)
Share-based payments reserve				
Balance 1 July	**971**	905	**971**	905
Option expense	**59**	66	**59**	66
Balance 30 June	**1,030**	971	**1,030**	971
Foreign currency translation reserve				
Balance 1 July	**(45,044)**	(5,461)	**-**	-
Net exchange differences on translation of foreign operations	**27,418**	(39,583)	**-**	-
Balance 30 June	**(17,626)**	(45,044)	**-**	-
Hedging reserve - cashflow hedges				
Balance 1 July	**516**	-	**-**	-
Fair value adjustments	**(2,833)**	516	**-**	-
Balance 30 June	**(2,317)**	516	**-**	-
Capital redemption reserve				
Balance 1 July	**10,520**	-	**-**	-
Share buy-back	**10,095**	10,520	**-**	-
Balance 30 June	**20,615**	10,520	**-**	-

31 Reserves and retained profits (continued)

(b) Retained profits

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Balance 1 July	**269,462**	226,181	**203,163**	191,182
Profit for the year	**38,164**	134,782	**29,114**	92,962
Dividends	**(57,275)**	(80,981)	**(57,275)**	(80,981)
Capital redemption reserve	**(10,095)**	(10,520)	**-**	-
Balance 30 June	**240,256**	269,462	**175,002**	203,163

(c) Nature and purpose of reserves

(i) Available-for-sale investments revaluation reserve

Changes in the fair value of investments, classified as available-for-sale financial assets, are taken to the available-for-sale investments revaluation reserve, as described in note 1(k). Amounts are recognised in profit and loss when the associated assets are sold or impaired.

(ii) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued but not exercised.

(iii) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in note 1(c). The reserve is recognised in profit and loss when the net investment is disposed of.

(iv) Hedging reserve - cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in note 1(l). Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

(v) Capital redemption reserve

The capital redemption reserve is a reserve fund required to be created by the UK Companies Act (1985) when shares are redeemed out of retained profits and not out of a new issue of share capital. Amounts held in this account cannot be distributed to shareholders by way of dividend, although they may be used to make bonus issues of share capital. The purpose of the reserve is to ensure that the company's capital is not diluted by the redemption of some of the shares.

32 Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. The group uses derivative financial instruments such as forward exchange contracts and interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, ie not as trading or other speculative instruments. The group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and aging analysis for credit risk.

Risk management is carried out by a central treasury department under policies approved by the Board of Directors covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units.

The group and parent entity hold the following financial assets and liabilities:

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Financial assets				
Cash and cash equivalents	**692,725**	738,637	**363,453**	439,875
Trade and other receivables	**234,029**	340,409	**81,985**	108,236
Financial assets at FVTPL	**15,474**	18,210	**15,474**	18,210
Available-for-sale financial assets	**77,880**	228,251	**70,270**	94,203
Derivative financial instruments	**279**	-	**279**	-
	1,020,387	1,325,507	**531,461**	660,524
Financial liabilities				
Trade and other payables	**908,501**	1,100,416	**402,269**	512,265
Borrowings	**127,558**	160,619	**38,797**	69,685
Derivative financial instruments	**9,097**	2,342	**7,309**	2,342
	1,045,156	1,263,377	**448,375**	584,292

(a) Market risk

(i) Foreign exchange risk
The group operates internationally and is exposed to foreign exchange risk arising from currency exposures to several foreign currencies.

The Group Treasury risk management policy on foreign exchange is to identify foreign exchange risk that arises from future commercial transactions and recognise assets and liabilities in foreign currencies and where appropriate, reduce the foreign currency risk through the use of forward foreign currency derivatives. Contracts are entered into for a period of three to six months.

To manage the foreign exchange risks arising from the future principal and interest payments required on foreign currency denominated borrowings, the group has a multi-currency debt facility which allows the principal and interest payments to be denominated into the functional currency for the relevant entity for the full term of the underlying borrowings.

32 Financial risk management (continued)

The group's exposure to foreign currency risk at the reporting date is set out below:

	Consolidated		**Parent**	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Receivables				
US Dollars	**4,870**	4,586	**4,771**	3,917
Great Britain Pounds	**-**	244	**-**	-
Canadian Dollars	**-**	419	**-**	419
Euro	**-**	411	**-**	251
Chinese Renminbi	**18**	1,123	**-**	-
Royal Brunei Dollars	**1,442**	289	**1,442**	289
Other	**34**	585	**-**	21
Trade payables				
US Dollars	**7,799**	5,098	**6,421**	3,862
Great Britain Pounds	**926**	1,364	**829**	967
Fijian Dollars	**2,629**	4,067	**2,629**	3,715
Thai Baht	**4,603**	4,254	**4,603**	4,141
Euro	**2,716**	3,036	**1,469**	2,108
Other	**5,285**	5,658	**4,702**	4,513
Bank Loans				
US Dollars	**-**	20,758	**-**	20,758
NZ Dollars	**-**	9,178	**-**	9,178

(ii) Price risk
The group and the parent entity are exposed to securities price risk. This arises from investments held by the group and classified on the balance sheet as available-for-sale or fair value through the profit and loss (FVTPL).

To manage its price risk arising from investments in securities, the investment portfolio is diversified in accordance with the limits established within Group Treasury policy.

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, investment securities, and derivative financial instruments, as well as credit exposures to corporate and retail customers, including outstanding receivables and committed transactions. Credit risk arising from cash and cash equivalents, investment securities, and derivative financial instruments, is managed in accordance with Group Treasury policy. Limits are set on credit rating, type of security, counterparty exposure and maturity.

Credit risk management assesses the credit quality of corporate clients, analysing external credit ratings, financial position and security available where appropriate. Individual risk limits are established for all corporate customers in accordance with Corporate Credit Policy, with regular monitoring and reporting to management. Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk.

Credit risk on financial guarantees and letters of credit is disclosed in note 27.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

The group and parent's access to undrawn borrowing facilities and the maturities of financial liabilities at the reporting date are disclosed in note 23 and note 27.

32 Financial risk management (continued)

Maturities of financial liabilities

The tables below analyse the group's and the parent entity's financial liabilities, net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group - At 30 June 2009	**Less than 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying Amount (assets)/ liabilities**
	$'000	$'000	$'000	$'000	$'000	$'000
Non-derivatives						
Non-interest bearing	904,563	3,105	19,563	-	927,231	927,231
Variable rate	69,940	2,984	71,594	9,059	153,577	131,146
Total non-derivatives	974,503	6,089	91,157	9,059	1,080,808	1,058,377
Derivatives						
Gross settled						
- (inflow)	(46,116)	-	-	-	(46,116)	-
- outflow	55,214	-	-	-	55,214	9,098
Total derivatives	9,098	-	-	-	9,098	9,098

Group - At 30 June 2008	Less than 12 months	Between 1 and 2 years	Between 2 and 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	$'000	$'000	$'000	$'000	$'000
Non-derivatives					
Non-interest bearing	1,098,049	11,001	8,597	1,117,647	1,117,647
Variable rate	106,419	38,248	21,910	166,577	166,577
Total non-derivatives	1,204,468	49,249	30,507	1,284,224	1,284,224
Derivatives					
Gross settled					
- (inflow)	(42,630)	-	-	(42,630)	-
- outflow	44,972	-	-	44,972	2,342
Total derivatives	2,342	-	-	2,342	2,342

Parent - At 30 June 2009	**Less than 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying Amount (assets)/ liabilities**
	$'000	$'000	$'000	$'000	$'000	$'000
Non-derivatives						
Non-interest bearing	400,127	1,341	14,207	-	415,675	415,675
Variable rate	52,561	1,123	3,369	43,556	100,609	78,880
Total non-derivatives	452,688	2,464	17,576	43,556	516,284	494,555
Derivatives						
Gross settled						
- (inflow)	(44,310)	-	-	-	(44,310)	-
- outflow	51,619	-	-	-	51,619	7,309
Total derivatives	7,309	-	-	-	7,309	7,309

32 Financial risk management (continued)

Parent - At 30 June 2008	Less than 12 months	Between 1 and 2 years	Between 2 and 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	$'000	$'000	$'000	$'000	$'000
Non-derivatives					
Non-interest bearing	492,399	5,102	5,499	503,000	503,000
Variable rate	43,897	29,935	-	73,832	73,832
Total non-derivatives	536,296	35,037	5,499	576,832	576,832
Derivatives					
Gross settled					
- (inflow)	(42,630)	-	-	(42,630)	-
- outflow	44,972	-	-	44,972	2,342
Total derivatives	2,342	-	-	2,342	2,342

(d) Cash flow and fair value interest rate risk

The group holds a number of interest bearing assets which are issued at variable interest rates. The group's income and operating cash flows are therefore exposed to changes in market interest rates.

The group's interest rate risk also arises from borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk.

The variable rate borrowings and interest rate swap contracts outstanding at reporting date are disclosed in note12 and note 27.

The group analyses its interest rate exposure on a dynamic basis, taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. The group calculates the impact on profit and loss of a defined interest rate shift. For each analysis, the same interest rate shift is used for all currencies.

Based on the various scenarios, the group may manage its cash flow interest rate risk by using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

(e) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the group are the current bid or mid price (where no bid sourced). The fair value of financial instruments traded in inactive markets is based on market indicators, including mid prices.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

32 Financial risk management (continued)

Summarised sensitivity analysis

Sensitivity figures are pre-tax. The following table summarises the sensitivity of the group's financial assets and financial liabilities to interest rate risk, foreign exchange risk and other price risk. The movement in equity is excluding movements in retained earnings.

Consolidated		Interest rate risk				Foreign exchange risk				Other price risk *			
		-1%		+1%		-10%		+10%		-1%	+1%	-10%	+10%
30 June 2009	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets													
Cash and cash equivalents	692,725	(6,927)	-	6,927	-	1,129	-	(1,119)	-	-	-	-	-
Accounts receivable	234,029	-	-	-	-	636	-	(636)	-	-	-	-	-
Financial assets at FVTPL	15,474	(155)	-	155	-	-	-	-	-	-	-	-	-
AFS investments	77,880	(638)	-	638	-	-	-	-	-	-	341	-	(328)
Derivatives - Options	279	-	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities													
Derivatives - FVTPL	7,366	26	-	(26)	-	5,642	-	(4,747)	-	-	(680)	-	748
Derivatives - interest rate swap	1,731	-	-	-	-	-	-	-	-	-	-	-	-
Trade payables	908,501	-	-	-	-	(2,395)	-	2,395	-	-	-	-	-
Borrowings - current	51,590	101	-	(101)	-	-	-	-	-	-	-	-	-
Borrowings - non-current	75,968	754	-	(754)	-	-	-	-	-	-	-	-	-
Total increase / (decrease)		(6,839)	-	6,839	-	5,012	-	(4,107)	-	-	(339)	-	420

Parent		Interest rate risk				Foreign exchange risk				Other price risk *			
		-1%		+1%		-10%		+10%		-1%	+1%	-10%	+10%
30 June 2009	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets													
Cash and cash equivalents	363,453	(3,635)	-	3,635	-	648	-	(530)	-	-	-	-	-
Accounts receivable	81,985	-	-	-	-	621	-	(621)	-	-	-	-	-
Financial assets at FVTPL	15,474	(155)	-	155	-	-	-	-	-	-	178	-	(172)
AFS investments	70,270	(623)	-	623	-	-	-	-	-	-	-	-	-
Derivatives - Options	279	-	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities													
Derivatives - FVTPL	7,309	-	-	-	-	5,568	-	(4,674)	-	-	-	-	-
Trade payables	402,269	-	-	-	-	(2,065)	-	2,065	-	-	-	-	-
Borrowings - current	38,797	-	-	10	-	-	-	-	-	-	-	-	-
Borrowings - non-current	-	-	-	-	-	(4,227)	-	3,458	-	-	-	-	-
Total increase / (decrease)		(4,413)	-	4,423	-	545	-	(302)	-	-	178	-	(172)

32 Financial risk management (continued)

Consolidated		Interest rate risk				Foreign exchange risk				Other price risk *			
		-1%		+1%		-10%		+10%		-1%	+1%	-10%	+10%
30 June 2008	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets													
Cash and cash equivalents	738,637	(7,386)	-	7,386	-	754	-	(616)	-	-	-	-	-
Accounts receivable	340,409	-	-	-	-	766	-	(766)	-	-	-	-	-
Financial assets at FVTPL	18,210	-	-	-	-	-	-	-	-	-	-	-	-
AFS investments	228,251	(1,127)	-	1,127	-	-	-	-	-	3,155	(3,936)	(3,305)	3,305
Derivatives - interest rate swaps	516	(5)	-	5	-	-	-	-	-	(987)	957	-	-
Financial liabilities													
Derivatives - FVTPL	2,342	-	-	-	-	4,317	-	(3,458)	-	-	-	-	-
Trade payables	1,100,416	-	-	-	-	(2,356)	-	2,356	-	-	-	-	-
Borrowings - current	100,505	563	-	(563)	-	-	-	-	-	-	-	-	-
Borrowings - non-current	60,114	602	-	(602)	-	(3,310)	-	2,708	-	-	-	-	-
Total increase / (decrease)		(7,353)	-	7,353	-	171	-	224	-	2,168	(2,979)	(3,305)	3,305

Parent		Interest rate risk				Foreign exchange risk				Other price risk *			
		-1%		+1%		-10%		+10%		-1%	+1%	-10%	+10%
30 June 2008	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets													
Cash and cash equivalents	439,875	(4,399)	-	4,399	-	476	-	(390)	-	-	-	-	-
Accounts receivable	108,236	-	-	-	-	490	-	(490)	-	-	-	-	-
Financial assets at FVTPL	18,210	-	-	-	-	-	-	-	-	-	-	-	-
AFS investments	94,203	(1,127)	-	1,127	-	-	-	-	-	325	(313)	-	-
Financial liabilities													
Derivatives - FVTPL	2,342	-	-	-	-	4,483	-	(3,668)	-	-	-	-	-
Trade payables	512,265	-	-	-	-	(1,930)	-	1,930	-	-	-	-	-
Borrowings - current	39,750	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings - non-current	29,935	299	-	(299)	-	(3,310)	-	2,708	-	-	-	-	-
Total increase / (decrease)		(5,227)	-	5,227	-	209	-	90	-	325	(313)	-	-

* Other price risk represents a 1% shift in yield curve on debt securities and a 10% shift in share price on equity securities

33 Key management personnel disclosures

(a) Key management personnel compensation

	Consolidated		Parent	
	30 June 2009 $	30 June 2008 $	**30 June 2009 $**	30 June 2008 $
Short-term employee benefits	**3,321,389**	4,652,593	**2,404,365**	3,306,747
Post-employment benefits	**778,906**	206,494	**656,489**	165,452
Share-based payments	**58,942**	29,076	**58,942**	21,807
Long-term benefits	**154,666**	39,912	**154,666**	39,912
	4,313,903	4,928,075	**3,274,462**	3,533,918

Detailed remuneration disclosures are provided in sections A-C of the remuneration report on pages 4 to 11.

(b) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options
Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in section D of the remuneration report on pages 8 - 10.

(ii) Option holdings
The number of options over ordinary shares in the company held during the financial year by each director of Flight Centre Limited and other key management personnel of the group, including their personally related parties, are set out below.

2009 Name	Balance at start of the year	Granted as compen-sation	Exercised	Expired or forfeited	Balance at end of the year	Vested and exercisable	Unvested
Executive and Non-Executive Directors of Flight Centre Limited							
G.F. Turner	-	-	-	-	-	-	-
P.F. Barrow	-	-	-	-	-	-	-
P.R. Morahan	-	-	-	-	-	-	-
G.W. Smith	-	-	-	-	-	-	-
Other key management personnel of the group							
D.W. Smith	-	-	-	-	-	-	-
C. Galanty	-	-	-	-	-	-	-
S. O'Brien	-	275,000	-	-	275,000	75,000	200,000
A. Flannery	-	200,000	-	-	200,000	-	200,000
C. Bowman	-	200,000	-	-	200,000	-	200,000
M. Waters-Ryan	-	200,000	-	-	200,000	-	200,000
M. Murphy	-	200,000	-	-	200,000	-	200,000
A. Grigson	30,000	-	-	(30,000)	-	-	-

33 Key management personnel disclosures (continued)

2008 Name	Balance at start of the year	Granted as compen-sation	Exercised	Expired or forfeited	Balance at end of the year	Vested and exercisable	Unvested
Executive and Non-Executive Directors of Flight Centre Limited							
G.F. Turner	-	-	-	-	-	-	-
P.F. Barrow	10,000	-	-	(10,000)	-	-	-
G.L. Harris (resigned 31 January 2008)	-	-	-	-	-	-	-
H.L. Stack (resigned 2 November 2007)	10,000	-	-	(10,000)	-	-	-
B.R. Brown (resigned 6 November 2007)	-	-	-	-	-	-	-
P.R. Morahan (appointed 2 November 2007)	-	-	-	-	-	-	-
G.W. Smith (appointed 2 November 2007)	-	-	-	-	-	-	-
Other key management personnel of the group							
G. Dixon	-	-	-	-	-	-	-
C. Galanty	30,000	-	(30,000)	-	-	-	-
S. Garrett	30,000	-	(30,000)	-	-	-	-
A. Grigson	33,000	-	-	(3,000)	30,000	30,000	-
S. O'Brien	30,000	-	(30,000)	-	-	-	-

(iii) Share holdings
The numbers of shares in the company held during the financial year by each director of Flight Centre Limited and other key management personnel of the group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2009 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Flight Centre Limited **Ordinary shares**				
G.F. Turner	15,729,235	-	99,000	15,828,235
P.F. Barrow	25,000	-	10,000	35,000
P.R. Morahan	3,212	-	11,500	14,712
G.W. Smith	5,000	-	10,000	15,000
Other key management personnel of the group **Ordinary shares**				
C. Galanty	2,002	-	-	2,002
A. Flannery	200	-	-	200
D.W. Smith	-	-	-	-
S. O'Brien	27,212	-	17,788	45,000
M. Waters-Ryan	4,159	-	-	4,159
M. Murphy	2,000	-	3,000	5,000
C. Bowman	-	-	125	125

33 Key management personnel disclosures (continued)

2008 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Flight Centre Limited **Ordinary shares**				
G.F. Turner	17,228,687	-	(1,499,452)	15,729,235
P.F. Barrow	72,085	-	(47,085)	25,000
H.L. Stack (resigned 2 November 2007)	42,288	-	424	42,712
G.L. Harris (resigned 31 January 2008)	16,260,493	-	(855,473)	15,405,020
B.R. Brown (resigned 6 November 2007)	5,000	-	-	5,000
P.R. Morahan (appointed 2 November 2007)	3,000	-	212	3,212
G.W. Smith (appointed 2 November 2007)	-	-	5,000	5,000
Other key management personnel of the group **Ordinary shares**				
G. Dixon	7,171	-	(6,518)	653
C. Galanty	2,002	30,000	(30,000)	2,002
S. Garrett	3,142	30,000	(30,000)	3,142
A. Grigson	2,928	-	212	3,140
S. O'Brien	3,000	30,000	(5,788)	27,212

(c) Other transactions with key management personnel

Directors and specified executives and their related companies receive travel services from Flight Centre Limited and its related companies on normal terms and conditions to that of employees and customers generally.

34 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated		Parent	
	30 June 2009 $	30 June 2008 $	**30 June 2009 $**	30 June 2008 $
(a) Audit services				
PricewaterhouseCoopers Australian firm				
Audit and review of financial reports	**764,900**	742,200	**764,900**	742,200
Other audit work under the *Corporations Act 2001*	**-**	759	**-**	759
Related practices of PricewaterhouseCoopers Australian firm	**1,136,329**	1,222,571	**-**	-
Total remuneration for audit services	**1,901,229**	1,965,530	**764,900**	742,959
(b) Non-audit services				
Audit-related services				
PricewaterhouseCoopers Australian firm				
Audit of regulatory returns	**-**	-	**-**	-
Other services	**9,419**	55,800	**7,048**	55,800
Related practices of PricewaterhouseCoopers Australian firm				
Audit of regulatory returns	**32,446**	15,358	**-**	-
IFRS accounting services	**-**	11,991	**-**	-
Due diligence services	**-**	685,046	**-**	-
Total remuneration for audit-related services	**41,865**	768,195	**7,048**	55,800
Taxation services				
Related practices of PricewaterhouseCoopers Australian firm				
Tax compliance services	**111,307**	176,071	**-**	-
Total remuneration for taxation services	**111,307**	176,071	**-**	-
Total remuneration for non-audit services	**153,172**	944,266	**7,048**	55,800
Total remuneration for audit and non-audit services	**2,054,401**	2,909,796	**771,948**	798,759

It is the group's policy to employ PricewaterhouseCoopers on assignments additional to its statutory audit duties where PricewaterhouseCoopers' expertise and experience with the group are important. These assignments are principally tax advice and due diligence reporting on acquisitions or where PricewaterhouseCoopers is awarded assignments on a competitive basis. It is the group's policy to seek competitive tenders for all major consulting projects.

35 Contingencies

(a) Contingent liabilities

Legal Dispute
As part of the acquisition of FCm Travel Solutions (India) Private Limited in 2005, Flight Centre Limited was required to acquire the outstanding interests under an agreement with the former owner. Flight Centre Limited has commenced legal action to dispute the contingent consideration to purchase a further 20% interest of FCm Travel Solutions (India) Private Limited under the agreement, at a cost that currently cannot be estimated reliably. Legal advice to date has indicated that it is possible, but not probable, that contingent consideration may be payable and accordingly no provision for any liability has been recognised in these financial statements. Flight Centre Limited has given notification of the termination of the shareholder's agreement it has in relation to FCm Travel Solutions (India) Private Limited. As a consequence, Flight Centre Limited is of the view that it has no further obligations to acquire more equity in FCm Travel Solutions (India) Private Limited.

36 Commitments

(i) Operating leases

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	**96,628**	87,975	**52,566**	50,984
Later than one year but not later than five years	**246,032**	224,940	**133,161**	123,402
Later than five years	**74,155**	44,460	**27,401**	10,594
	416,815	357,375	**213,128**	184,980

The operating leases above relate primarily to occupancy leases of varying terms, generally between five and seven years and have escalation clauses and renewal rights. Note included in the above are contingent rental payments which generally represent rental escalation based on CPI.

(ii) Land and buildings

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Commitments for payments in relation to non-cancellable capital commitment are payable as follows:				
Within one year	**-**	7,297	**-**	-

37 Related party transactions

(a) Parent entities

The parent entity within the group is Flight Centre Limited.

(b) Subsidiaries and joint ventures

Interests in subsidiaries are set out in note 39 and interests in joint ventures are set out in note 21.

Flight Centre Limited is a joint venture partner in Pedal Group Pty Ltd, the other joint venture partners are related parties, namely Graham Turner's family company Gainsdale Pty Ltd (25%) and Matthew Turner (25%).

(c) Key management and personnel compensation

Disclosures relating to key management personnel are set out in the directors' report and note 33.

(d) Transactions with related parties

The following transactions occurred with related parties:

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Income from related subsidiaries				
Royalties	**-**	-	**9,926**	20,366
Rent	**-**	-	**7,027**	4,552
Interest	**-**	-	**1,658**	1,487
Expenses to related subsidiaries				
Management fees	**-**	-	**47,182**	69,762
Payments to subsidiaries	**-**	-	**52,327**	-
Tax consolidation legislation				
Current tax payable assumed from wholly-owned tax consolidated entities	**-**	-	**3,402**	11,711

(e) Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Current receivables (tax funding agreement)				
Wholly-owned tax consolidated entities	**-**	-	**29,344**	25,941

No provisions for doubtful debts have been raised in relation to any outstanding balances and no expenses have been recognised in respect of bad or doubtful debts due from related parties.

37 Related party transactions (continued)

(f) Loans to / from related parties

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Loans to subsidiaries				
Beginning of the year	**-**	-	**32,804**	9,269
Loans advanced	**-**	-	**325,279**	304,736
Loan repayments received	**-**	-	**(345,829)**	(283,066)
Loan forgiveness	**-**	-	**2,851**	378
Loans from subsidiaries	**-**	-	**(68,766)**	-
Investment in existing subsidiaries	**-**	-	**(7,000)**	-
Interest charged	**-**	-	**1,660**	1,487
End of year	**-**	-	**(59,001)**	32,804
Loans to other related parties				
Loans advanced	**3,772**	-	**3,594**	-
Interest charged	**145**	-	**145**	-
End of year	**3,917**	-	**3,739**	-

No provisions for doubtful debts have been raised in relation to any outstanding balances.

The current amounts owing to subsidiaries / owed from related parties (note 14 and 22) are repayable on demand in accordance with individual loan agreements. The non-current amounts owing to subsidiaries (note 26) are repayable in July 2015 in accordance with individual loan agreements. Current and non-current loans incur interest at rates varying between 2.44% and 10.55% (2008: varying amounts between 1.97% and 12.47%).

(g) Guarantees

The following guarantees have been given by Flight Centre Limited:

	Consolidated		Parent	
	30 June 2009 $	30 June 2008 $	**30 June 2009 $**	30 June 2008 $
Unsecured				
North America	**-**	-	**3,392,813**	2,864,740
United Kingdom	**-**	-	**16,426,467**	16,225,567
Australia	**-**	-	**8,596,327**	10,406,471
Other	**-**	-	**40,930,073**	41,267,229
	-	-	**69,345,680**	70,764,007

(h) Terms and conditions

The terms and conditions of the tax funding agreement are set out in note 6(e).

All other transactions were made on normal commercial terms and conditions and at market rates.

Outstanding balances are unsecured and are repayable in cash.

38 Business combinations

Current year acquisitions

(a) Back Roads Touring Co. Ltd

(i) Summary of acquisition

On 31 October 2008 Flight Centre Limited acquired 100% of the equity of Back Roads Touring Co. Ltd, a bus touring company based in London, United Kingdom. On 2 February 2009 Back Roads issued shares to a third party in what was deemed to be a dilution of 25% of Flight Centre's shareholding. In addition to owning 25% of the shares in Back Roads the third party also obtained an option to purchase a further 25% shareholding. This purchase and option over shares in Back Roads by the third party meant that from 2 February 2009 Flight Centre had joint control over Back Roads and would account for the entity as a joint venture.

The acquired business contributed a net loss of $161k to the group for the period from 1 November to 1 February 2009. Had the acquisition occurred on 1 July 2008, the revenue and profit contribution for the seven months to 1 February would have been $1.6M and $69k respectively. Details of the trading as a joint venture can be found in note 21.

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:

	2009 $'000
Purchase consideration	
Cash paid	2,691
Deferred consideration	186
Direct costs relating to the acquisition	77
Total purchase consideration	**2,954**
Fair value of net identifiable assets acquired	2,364
Goodwill (note 19)	**590**

(ii) Purchase consideration

	$'000
Outflow of cash to acquire subsidiary:	
Cash consideration (including acquisition costs)	2,768
Less: Cash acquired	(2,092)
	676

Deferred consideration is payable to the previous owner of Back Roads Touring Co. Ltd, who has taken up a consultancy position with the Flight Centre group. The amount is payable irrespective of whether the previous owner continues his consulting contract with the Flight Centre Limited group.

38 Business combinations (continued)

(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	2,092	2,092
Accounts receivable	76	76
Motor vehicles	322	322
Deposits	10	10
Trade creditors	(44)	(44)
Provision for tax	(70)	(70)
Deferred income	(22)	(22)
Net identifiable assets acquired	**2,364**	**2,364**

No acquisition provisions were created.

Prior year acquisitions

(a) Liberty Travel Inc.

(i) Summary of acquisition

On 31 January 2008, Flight Centre (USA) Inc. (a subsidiary of Flight Centre Limited) acquired 100% of the equity of Liberty Travel Inc., a travel agency group based in the United States.

From the date of acquisition to 30 June 2008, Liberty Travel Inc. group has contributed a net loss of $10.9M to the Flight Centre Limited consolidated group. Had the acquisition occurred on 1 July 2007, the pro-forma contributed revenue and contributed loss for the year ended 30 June 2008 would have been $199M and $6.1M respectively. This pro-forma loss excludes integration expenses.

These amounts have been calculated using the group's accounting policies and by adjusting the results of the acquisition to reflect the additional amortisation that would have been charged assuming the fair value adjustments to intangible assets had applied from 1 July 2007, together with the consequential tax effects.

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

38 Business combinations (continued)

	2008 $'000
Purchase consideration (refer to (ii) below):	
Cash paid	147,406
Direct costs relating to the acquisition	6,853
Total purchase consideration	**154,259**
Fair value of net identifiable assets acquired (refer to (iii) below)	(3,590)
Goodwill arising on acquisition (refer to (iii) below and note 17)	**157,849**

The goodwill is attributable to the potential product wholesale synergies and increased access to the United States travel retail market which will contribute to overall revenue and profitability of the group.

(ii) Purchase consideration

	$'000
Outflow of cash to acquire subsidiary:	
Cash consideration (including acquisition costs)	154,259
Less: Cash acquired	50,581
Outflow of cash	**103,678**

There was no deferred consideration in this acquisition.

(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	50,715	50,581
Available-for-sale assets	137,854	135,380
Accounts receivable	10,954	10,774
Other assets	13,053	11,097
Tangible fixed assets	16,266	16,980
Trade names	-	38,258
Developed technology	71,988	2,242
Customer relationships	-	24,755
Favourable lease asset	-	643
Deferred tax asset	-	6,930
Accounts payable	(83,795)	(87,835)
Customer deposits for future tours	(160,895)	(161,234)
Accrued expenses and other liabilities	(43,956)	(35,842)
Deferred tax liability	(33)	(16,319)
Net identifiable assets acquired	**12,151**	**(3,590)**

The fair value of assets and liabilities acquired is based on book values with adjustment for intangible and tangible assets where the fair value can be measured reliably. The available-for-sale investment portfolio was already included at fair value by the acquiree.

No acquisition provisions were created.

38 Business combinations (continued)

The provisional acquisition figures previously disclosed have been finalised, the consideration paid has been adjusted for $4M received in escrow funds from previous owners and an increase in accrued expenses and other liabilities of $3M.

(b) Advance Traders (Australia) Pty Ltd

(i) Summary of acquisition

On 30 June 2008 Advance Traders (Australia) Pty Ltd (a subsidiary of Flight Centre Limited) acquired the assets of Advance Traders Pty Limited a wholesaler of bike products operating out of Brisbane.

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

	2008 $'000
Purchase consideration	
Cash paid	1,148
Direct costs relating to the acquisition	22
Total purchase consideration	**1,170**
Fair value of net identifiable assets acquired	1,129
Goodwill (note 19)	**41**

(ii) Purchase consideration

	$'000
Outflow of cash to acquire subsidiary:	
Cash consideration (including acquisition costs)	1,170
Less: Cash acquired	-
Outflow of cash	**1,170**

There was no deferred consideration in this acquisition.

(iii) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount $'000	Fair value $'000
Inventories	998	998
Intangible assets: distribution rights and intellectual property	150	150
Employee liabilities	(19)	(19)
Net identifiable assets acquired	**1,129**	**1,129**

The goodwill is attributable to the potential revenue and profit from the distribution rights and intellectual property. The fair value of assets and liabilities acquired are based on book values as the purchase occurred on the last day of the financial year at a cost deemed to be fair value. No acquisition provisions were created.

39 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of incorporation	Class of shares	Equity holding 2009 %	2008 %
Advance Traders (Australia) Pty Ltd	Australia	Ordinary	**-**	100
Australian AssetCo Pty Ltd	Australia	Ordinary	**100**	100
Australian OpCo Pty Ltd *	Australia	Ordinary	**100**	100
Escape Travel Franchising Pty Ltd	Australia	Ordinary	**100**	100
Flight Centre (China) Pty Ltd	Australia	Ordinary	**100**	100
Flight Centre Foundation Pty Ltd	Australia	Ordinary	**100**	100
Flight Centre Property Pty Ltd	Australia	Ordinary	**100**	100
Flight Centre Technology Pty Ltd *	Australia	Ordinary	**100**	100
Flight Centre Office Trust	Australia	Ordinary	**100**	100
Pedal Group Pty Ltd	Australia	Ordinary	**50**	100
A.I.T International Ticketing (Beijing) Limited #	China	Ordinary	**100**	-
Shanghai Journey Pty Ltd	China	Ordinary	**100**	100
Travel Money (AUS) Pty Ltd	Australia	Ordinary	**100**	100
Travel Money Holdings Pty Ltd	Australia	Ordinary	**100**	100
Travel Services Corporation Pty Ltd	Australia	Ordinary	**100**	100
The Flight Shops Inc	Canada	Ordinary	**100**	100
The Flight Shops Inc	Canada	Preference	**100**	100
Flight Centre - Comfort Business Travel Services Co Ltd #	China	Ordinary	**95**	95
Shanghai CiEvent Business Consulting Co Ltd	China	Ordinary	**100**	100
American International Travel Limited #	Hong Kong	Ordinary	**100**	100
CH Services Limited	Hong Kong	Ordinary	**100**	100
GCH Services Limited	Hong Kong	Ordinary	**100**	100
FCm Travel Solutions (India) Private Limited # (refer note 45)	Republic of India	Ordinary	**-**	100
Flight Centre (Mauritius) Limited	Mauritius	Ordinary	**100**	100
Escape Travel Limited	New Zealand	Ordinary	**-**	100
FFA Limited	New Zealand	Ordinary	**100**	100
Flight Centre (NZ) Limited	New Zealand	Ordinary	**100**	100
Great Holiday Escape (NZ) Limited	New Zealand	Ordinary	**-**	100
Travel Money (NZ) Limited	New Zealand	Ordinary	**100**	100
Flight Centre Property (South Africa) (Proprietary) Limited	Republic of South Africa	Ordinary	**100**	100
Flight Centre (South Africa) Pty Ltd	Republic of Sth Africa	Ordinary	**100**	100
Flight Centre Travel Solutions Pty Ltd	Republic of Sth Africa	Ordinary	**100**	100
FCm Travel Solutions Singapore Pte Ltd	Singapore	Ordinary	**100**	100
Britannic Travel Limited	United Kingdom	Ordinary	**100**	100
Britannic Travel Wholesale Limited (UK)	United Kingdom	Ordinary	**100**	-
Flight Centre Moneywise Limited	United Kingdom	Ordinary	**100**	100
Flight Centre (UK) Wholesale Limited	United Kingdom	Ordinary	**100**	-
Flight Centre (UK) Corporate Limited	United Kingdom	Ordinary	**100**	100
Flight Centre (UK) Corporate Limited	United Kingdom	Preference	**100**	100
Flight Centre (UK) Finance Limited	United Kingdom	Ordinary	**100**	100

39 Subsidiaries (continued)

Flight Centre (UK) Limited	United Kingdom	Ordinary	**100**	100
Flight Centre (UK) Operations Limited	United Kingdom	Ordinary	**100**	100
Student Flights (UK) Limited	United Kingdom	Ordinary	**-**	100
FCm Bannockburn LLC	USA	Ordinary	**100**	100
Flight Centre (USA) Inc	USA	Ordinary	**100**	100
Gogo Tours Inc	USA	Ordinary	**100**	100
Holiday Vacations Inc	USA	Ordinary	**100**	100
Liberty Travel Inc	USA	Ordinary	**100**	100
Lib/Go Travel Inc	USA	Ordinary	**100**	100
Flight Centre (ME) Limited	Jebel Ali Free Zone	Ordinary	**100**	100
FCm Travel Solutions (L.L.C)	Dubai	Ordinary	**49**	49

* These controlled entities have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission. For further information refer to note 46.

All entities have a 30 June year-end date except for FCm Travel Solutions (India) Private Limited (31 March), American International Travel Limited (31 December), A.I.T International Ticketing (Beijing) Limited (31 December) and Flight Centre - Comfort Business Travel Services Co Ltd (31 December). These entities are required to have these year end dates due to local statutory reporting requirements. These entities are consolidated into the group's 30 June year-end using their monthly figures from July to June.

40 Events occurring after the balance sheet date

On 3 July 2009, Flight Centre (USA) Inc transferred the Liberty and GoGo Brand names to Flight Centre Limited. The transfer of intellectual property is in line with Flight Centre Limited's ownership of all other group brand names and was completed by Flight Centre (USA) Inc declaring a dividend valued at US $35M (AUD $43.5M).

41 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

2009	Australia $'000	North America $'000	United Kingdom $'000	Other $'000	Total operations $'000	Inter-segment eliminations/ unallocated $'000	Consolidated $'000
Total Transaction Value	5,908,981	2,989,549	1,102,028	1,396,072	11,396,630	(154,784)	11,241,846
Sales to external customers	805,734	354,750	357,269	159,320	1,677,073	-	1,677,073
Intersegment sales (note (ii))	70,031	700	20,172	1,690	92,593	(92,593)	-
Total sales revenue	875,765	355,450	377,441	161,010	1,769,666	(92,593)	1,677,073
Share of net profits of associate (note (iii))	(522)	(491)	-	176	(837)	-	(837)
Unallocated revenue							40,441
Total segment revenue / income							1,716,677
Segment result pre-royalties and payment to subsidiaries	66,295	(65,577)	18,087	(4,004)	14,801	-	14,801
Payment to subsdiaries	(53,327)	53,327	-	-	-	-	-
Royalties	11,008	-	(2,056)	(8,952)	-	-	-
Segment result	23,976	(12,250)	16,031	(12,956)	14,801	-	14,801
Unallocated revenue less unallocated expenses							25,596
Profit before income tax							40,397
Income tax expense							(2,233)
Profit for the year							38,164
Segment assets	772,401	466,418	236,743	175,238	1,650,800	-	1,650,800
Unallocated assets							76,380
Total assets							1,727,180
Segment liabilities	508,085	291,481	109,636	95,550	1,004,752	-	1,004,752
Unallocated liabilities							111,739
Total liabilities							1,116,491
Investments in associate and joint venture partnership (note (iii))	7,750	8,895	-	10,003	26,648	-	26,648
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	43,099	11,195	5,368	32,842	92,504	-	92,504
Depreciation and amortisation expense	26,540	21,627	5,149	6,455	59,771	-	59,771
Impairment of assets	6,511	-	-	8,131	14,642	-	14,642
Other non-cash expenses	31,440	26,015	942	3,946	62,343	-	62,343

41 Segment information (continued)

2008	Australia $'000	North America $'000	United Kingdom $'000	Other $'000	Total operations $'000	Inter-segment eliminations/ unallocated $'000	Consolidated $'000
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	195,401	180,543	1,442,426	-	1,442,426
Intersegment sales (note (ii))	74,094	1,400	14,911	504	90,909	(90,909)	-
Total sales revenue	937,114	204,862	210,312	181,047	1,533,335	(90,909)	1,442,426
Share of net profits of associate (note (iii))	325	224	-	-	549	-	549
Unallocated revenue							44,685
Total segment revenue / income							1,487,660
Segment result pre-royalties	135,274	(9,781)	16,510	29,142	171,145	-	171,145
Royalties	20,366	(2,124)	(1,863)	(16,379)	-	-	-
Segment result	155,640	(11,905)	14,647	12,763	171,145	-	171,145
Unallocated revenue less unallocated expenses							29,823
Profit before income tax							200,968
Income tax expense							(66,186)
Profit for the year							134,782
Segment assets	927,468	515,401	251,960	220,703	1,915,532	-	1,915,532
Unallocated assets							41,476
Total assets							1,957,008
Segment liabilities	613,504	374,055	119,056	116,841	1,223,456	-	1,223,456
Unallocated liabilities							130,373
Total liabilities							1,353,829
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	19,070	365,125	-	365,125
Depreciation and amortisation expense	22,267	9,654	4,110	8,026	44,057	-	44,057
Impairment of assets	-	-	-	-	-	-	-
Other non-cash expenses	14,948	839	2,342	3,909	22,038	-	22,038

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

(i) Accounting policies
Segment information is prepared in conformity with the entity's accounting policies as disclosed in note 1 and 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 and 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 and employee benefits. Segment assets and liabilities do not include income taxes.

(ii) Inter-segment 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 / losses.

42 Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated		Parent	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Profit for the year	**38,164**	134,782	**29,114**	92,962
Depreciation and amortisation	**59,771**	44,057	**17,721**	14,619
Impairment charges against assets	**29,149**	-	**-**	-
Net loss on disposal of non-current assets	**2,592**	1,642	**1,093**	628
Loss on impairment of investments	**29,863**	11,323	**9,810**	11,323
Share of (profits) / losses of associate and joint venture partnership not received as dividends or distributions	**837**	(387)	**522**	(325)
Non cash financing costs	**723**	1,043	**(248)**	34
Net exchange differences	**(2,884)**	(1,495)	**-**	-
(Increase) / decrease in trade debtors	**64,484**	(23,216)	**26,214**	(15,175)
Increase in deferred tax assets	**(27,955)**	(24,960)	**(207)**	(4,917)
Decrease in inventories	**1,454**	-	**1,408**	-
Decrease / (increase) in related party loans	**-**	-	**108,172**	23,535
Increase / (decrease) in trade creditors and other payables	**(181,088)**	199,052	**(111,190)**	135,295
Increase / (decrease) in provision for income taxes payable	**(41,804)**	19,788	**(34,994)**	7,149
Increase / (decrease) in provision for deferred income tax	**11,401**	19,048	**-**	-
Increase / (decrease) in other provisions	**2,538**	10,768	**4,738**	3,761
Increase in equity	**259**	481	**259**	481
Net cash (outflow) / inflow from operating activities	**(12,496)**	391,926	**52,412**	269,370

43 Earnings per share

	Consolidated	
	30 June 2009	30 June 2008 Restated
	Cents	Cents
(a) Basic earnings per share		
Profit attributable to the ordinary equity holders of the company	**38.3**	138.0
(b) Diluted earnings per share		
Profit attributable to the ordinary equity holders of the company	**38.3**	137.9

(c) Reconciliations of earnings used in calculating earnings per share

	Consolidated	
	30 June 2009	30 June 2008 Restated
	$'000	$'000
Profit attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	**38,164**	134,782

(d) Weighted average number of shares used as the denominator

	Consolidated	
	30 June 2009	30 June 2008
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**99,608,904**	97,679,839
Adjustments for calculation of diluted earnings per share:		
Options	**75,000**	30,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**99,683,904**	97,709,839

44 Share-based payments

(a) Employee Option Plan and Senior Executive Option Plan

Options are granted under the Flight Centre Limited Employee Option Plan which was established in October 1997 (amended 31 October 2002) and the Senior Executive Option Plan (established March 2006). The group's employees and directors (excluding Mr Turner) are eligible to participate in the plan. Options may be granted to employees at the Board's discretion. Directors have elected not to participate in the plan.

Options are granted under the plans for no consideration and are exercisable over fully paid issued ordinary shares of the company. When exercisable, each option is convertible into one ordinary share. The exercise prices of the options are fixed at the time of grant.

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

Challenging performance hurdles are set annually on grant date and options vest upon achieving those hurdles. The performance hurdles are generally built around a total group profit target to be met.

The plan rules provide that the total number of options which can be on issue at any 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.

Set out below are summaries of options granted under the plan:

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Forfeited during the year Number	Expired during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
Consolidated and parent - 2009								
14/07/03	14/07/08	$22.46	7,200	-	-	(7,200)	-	-
30/03/06 *	30/03/11	$10.66	30,000	-	(30,000)	-	-	-
23/01/09 *	23/01/14	$7.75	-	75,000	-	-	75,000	75,000
29/06/09 *	30/06/15	$10.00	-	1,000,000	-	-	1,000,000	-
Total			37,200	1,075,000	(30,000)	(7,200)	1,075,000	75,000
Weighted average exercise price			$12.94	$9.84	$10.66	$22.46	$9.84	$7.75

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Exercised during the year Number	Forfeited during the year Number	Expired during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
Consolidated and parent - 2008								
06/09/02	06/09/07	$28.40	9,000	-	-	(9,000)	-	-
31/10/02	31/10/07	$23.73	20,000	-	-	(20,000)	-	-
14/02/03 *	14/02/08	$19.70	20,812	(4,089)	(1,940)	(14,783)	-	-
14/07/03	14/07/08	$22.46	10,800	(3,600)	-	-	7,200	7,200
30/03/06 *	30/03/11	$10.66	280,000	(240,000)	(10,000)	-	30,000	30,000
Total			340,612	(247,689)	(11,940)	(43,783)	37,200	37,200
Weighted average exercise price			$12.82	$10.98	$12.13	$23.33	$12.94	$12.94

The weighted average remaining contractual life of share options outstanding at the end of the period was 3.90 years (2008 2.22 years).

* Senior Executive Option Plan

44 Share-based payments (continued)

Fair value of options granted
Options were granted to senior executives on 23 January 2009 and 29 June 2009. The assessed fair value at grant date of options granted was $0.79 for those granted on 23 January 2009 and $2.17 to $2.32 for those granted on 29 June 2009. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted on 23 January 2009 included:
(a) options were granted for no consideration and immediately vested.
(b) exercise price: $7.75
(c) grant date: 23 January 2009
(d) expiry date: 23 January 2014
(e) share price at grant date: $6.45
(f) expected price volatility of the company’s shares: 33%
(g) expected dividend yield: 3.6%
(h) risk-free interest rate: 2.8%

The model inputs for options granted on 29 June 2009 included:
(a) options are granted for no consideration. Each tranche vests on achievement of certain profit targets at each year end, from 30 June 2010 to 30 June 2014.
(b) exercise price: $10.00
(c) grant date: 29 June 2009
(d) expiry date: 30 June 2015
(e) share price at grant date: $8.65
(f) expected price volatility of the company's shares: 40-45%
(g) expected dividend yield: 3.0-4.8%
(h) risk-free interest rate: 4.8-5.5%

(b) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated		**Parent**	
	30 June 2009 $'000	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Share-based payment expense	**59**	66	**59**	66

45 Investments in associates

(a) Carrying amounts

Information relating to associates is set out below.

Name of company	Principal activity	Ownership interest		Consolidated		Parent	
		30 June 2009 %	30 June 2008 %	**30 June 2009 $'000**	30 June 2008 $'000	**30 June 2009 $'000**	30 June 2008 $'000
Unlisted							
Garber's Travel Service, Inc	Travel Services	**26**	26	**8,894**	7,831	**-**	-
FCm Travel Solutions (India) Private Limited	Travel Services	**56**	56	**10,004**	-	**-**	-
				18,898	7,831	**-**	-
				18,898	7,831	**-**	-

Garber's Travel Service, Inc is incorporated in the United States of America.

FCm Travel Solutions (India) Private Limited is incorporated in India. From 15 March 2009 Flight Centre Limited no longer had the practical ability to control FCm Travel Solutions (India) Private Limited. Flight Centre Limited maintains 56% ownership of FCm Travel Solutions (India) Private Limited and accordingly accounts for the investment as an associate. A loss of $3.5M has been recorded (refer note 5) upon loss of control and impairment of investment in FCm Travel Solutions (India) Private Limited.

	Consolidated	
	30 June 2009 $'000	30 June 2008 $'000
(b) Movements in carrying amounts		
Carrying amount at the beginning of the financial year	**7,831**	8,472
Additions	**9,828**	-
Share of profits / (losses) after income tax	**(315)**	224
Dividends received	**-**	(162)
Gain / (loss) on foreign translation	**1,554**	(703)
Carrying amount at the end of the financial year	**18,898**	7,831
(c) Share of associates' profits or losses		
Profit / (loss) before income tax	**(225)**	373
Income tax expense	**(90)**	(149)
Profit / (loss) after income tax	**(315)**	224

45 Investments in associates (continued)

(d) Summarised financial information of associates

	Group's share of:			
	Assets $'000	**Liabilities $'000**	**Revenues $'000**	**Profit $'000**
2009				
Garber's Travel Service, Inc	2,502	473	8,341	(491)
FCm Travel Solutions (India) Private Limited	26,050	23,534	3,490	176
	28,552	24,007	11,831	(315)
2008				
Garber's Travel Service, Inc	2,966	773	5,587	224
	2,966	773	5,587	224

	Consolidated	
	30 June 2009 $'000	30 June 2008 $'000
(e) Share of associates' expenditure commitments, other than for the supply of inventories		
Lease commitments	**968**	1,454

46 Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and directors' report.

Two separate Deeds of Cross Guarantee are in effect. The subsidiaries subject to the Deeds are:

1) Flight Centre Limited and Australian OpCo Pty Ltd

2) Flight Centre Limited and Flight Centre Technology Pty Ltd

It is a condition of the Class Order that the company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Corporations Act 2001, the company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the company is wound up.

The above companies represent a ‘Closed Group’ for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Flight Centre Limited, they also represent the ‘Extended Closed Group’.

Set out below is a consolidated income statement and a summary of movements in consolidated retained profits for the year ended 30 June 2009 comprising the company and the subsidiaries listed above.

46 Deed of cross guarantee (continued)

	Flight Centre Limited & Australian OpCo Pty Ltd		Flight Centre Limited & Flight Centre Technology Pty Ltd	
	2009	2008 Restated	**2009**	2008 Restated
	$'000	$'000	**$'000**	$'000
Income statement				
Revenue from the sale of travel services	**802,051**	856,501	**697,116**	733,473
Other revenue	**38,063**	51,749	**38,063**	51,718
Other income	**-**	89	**-**	89
Selling expenses	**(572,869)**	(572,581)	**(509,632)**	(487,451)
Administration / support expenses	**(188,142)**	(149,008)	**(187,123)**	(148,211)
Finance costs	**(12,009)**	(20,605)	**(9,741)**	(17,433)
Foreign exchange losses (net)	**2,683**	(152)	**2,511**	-
Share of profit from joint venture	**(522)**	325	**(522)**	325
Profit before income tax expense	**69,255**	166,318	**30,672**	132,510
Income tax expense	**(24,060)**	(48,704)	**(12,151)**	(38,433)
Profit for the year	**45,195**	117,614	**18,521**	94,077
Summary of movements in consolidated retained profits				
Retained profits at the beginning of the financial year	**226,640**	190,007	**224,428**	211,332
Profit from ordinary activities after income tax expense	**45,195**	117,614	**18,521**	94,077
Dividends provided for or paid	**(57,275)**	(80,981)	**(57,275)**	(80,981)
Retained profits at the end of the financial year	**214,560**	226,640	**185,674**	224,428

Set out below is the consolidated balance sheet as at 30 June 2009 of the company and the subsidiaries listed above.

46 Deed of cross guarantee (continued)

	Flight Centre Limited & Australian OpCo Pty Ltd		Flight Centre Limited & Flight Centre Technology Pty Ltd	
	2009	2008 Restated	**2009**	2008 Restated
	$'000	$'000	**$'000**	$'000
Current assets				
Cash and cash equivalents	**399,183**	471,545	**344,594**	439,458
Available-for-sale financial assets	**70,270**	94,203	**70,270**	94,203
Receivables	**88,312**	171,428	**45,406**	121,911
Inventories	**-**	1,408	**-**	1,408
Other financial assets at fair value through profit or loss	**15,474**	18,210	**15,474**	18,210
Current tax receivables	**7,068**	-	**7,068**	-
Total current assets	**580,307**	756,794	**482,812**	675,190
Non-current assets				
Investments acc'd for using the equity method	**1,754**	1,754	**1,754**	1,754
Property, plant and equipment	**55,719**	53,848	**67,587**	62,351
Intangible assets	**27,394**	31,035	**26,574**	30,966
Deferred tax assets	**29,877**	24,590	**33,127**	25,293
Other financial assets	**384,375**	366,921	**412,700**	395,246
Other non-current assets	**4,301**	52,671	**4,301**	52,671
Total non-current assets	**503,420**	530,819	**546,043**	568,281
Total assets	**1,083,727**	1,287,613	**1,028,855**	1,243,471
Current liabilities				
Payables	**416,573**	561,337	**387,522**	516,667
Borrowings	**38,797**	39,750	**38,797**	39,750
Derivative financial instruments	**7,308**	2,342	**7,308**	2,342
Provisions	**6,864**	6,603	**6,864**	6,603
Current tax liabilities	**-**	27,926	**-**	27,925
Total current liabilities	**469,542**	637,958	**440,491**	593,287
Non-current liabilities				
Payables	**15,695**	10,814	**15,547**	11,275
Borrowings	**-**	29,935	**-**	29,935
Deferred tax liabilities	**5,346**	-	**6,278**	-
Provisions	**10,332**	10,802	**10,332**	10,802
Total non-current liabilities	**31,373**	51,551	**32,157**	52,012
Total liabilities	**500,915**	689,509	**472,648**	645,299
Net assets	**582,812**	598,104	**556,207**	598,172
Equity				
Contributed equity	**377,602**	377,343	**377,602**	377,343
Reserves	**(9,350)**	(5,879)	**(7,069)**	(3,599)
Retained profits	**214,560**	226,640	**185,674**	224,428
Total equity	**582,812**	598,104	**556,207**	598,172

47 Correction of error

(a) Correction of error in recording revenue when acting as principal

In April 2008, new legislation in the United Kingdom modified the contractual terms of certain transactions between customers and travel agents. The impact of these changes is that Flight Centre UK is now considered to be acting as a principal in these transactions, rather than as an agent. This means that the gross amount of sales and cost of sales is recognised in the profit and loss for transactions as principal. In addition, the legislative changes have impacted the timing of revenue recognition such that income is recognised on a flown basis as opposed to when ticketed. These changes were not reflected in the financial report at 30 June 2008.

At 30 June 2008, this misstatement had the effect of understating consolidated deferred income by $2.4M, overstating the consolidated provision for tax by $0.7M, and overstating consolidated retained earnings and consolidated total equity by $1.7M. Sales and Cost of Sales was also understated by $40M and $35.2M respectively for the financial year ending 30 June 2008.

The error has been corrected by restating each of the affected financial statement line items for the prior year, as described above.

(b) Correction of error in the treatment of Collateralised Debt Obligation (CDO) financial instruments

In prior reporting periods, Flight Centre Limited has accounted for synthetic collateralised debt obligations (CDOs) as available-for-sale financial instruments and recognised fair value changes in equity. A synthetic CDO is considered to contain an embedded credit derivative that should be separated from the host debt contract and recognised at fair value through the profit and loss. In the circumstances where the fair value of the embedded derivative cannot be reliably determined (such as in current market conditions), the entire contract (ie both the embedded credit derivative and the host debt contract) should be recognised at fair value through the profit and loss. Flight Centre Limited has restated their financial statements to account for CDOs at fair value through the profit and loss after recent clarification from the IASB regarding the accounting treatment of CDOs.

The impact of this change in accounting treatment at 30 June 2008 is to reclassify CDOs of $18.2M from available-for-sale financial instruments to financial assets at fair value through the profit and loss. In addition, all previous fair value gains and losses that were recognised directly in equity have been restated to be recognised directly within the income statement. At 30 June 2008, reserves were understated, and retained profits overstated by $7.4M (after tax of $3.2M). $6.7M has been recognised in the income statement for the year ended 30 June 2008 and $0.6M relates to the income statement for the year ended 30 June 2007 and has been recognised in the opening retained profits balance.

These changes have been corrected by restating each of the effected financial statement line items for the prior year, as described above.

Directors' declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 14 to 90 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 30 June 2009 and of its performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001.*

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

G.F. Turner
Director

BRISBANE
25 August 2009

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

Report on the financial report

We have audited the accompanying financial report of Flight Centre Limited (the company), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Flight Centre Limited and the Flight Centre Limited group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These 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 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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.*

Auditor's opinion

In our opinion:

Audit report
Flight Centre Limited (continued)

(a) the financial report of Flight Centre Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 4 to 11 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Flight Centre Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Robert Baker

R A Baker | BRISBANE

Partner | 25 August 2009

The shareholder information set out below was applicable as at 17 August 2009.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Number of Shareholders
1 - 1000	8,590
1,001 - 5,000	2,705
5,001 - 10,000	277
10,001 - 100,000	165
100,001 and over	29
	11,766

There were 1,168 holders of less than a marketable parcel of ordinary shares.

The percentage of the total holding of the twenty largest shareholders was 82.99%.

B. Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest holders of quoted equity securities are listed below:

Gehar Pty Ltd	16,135,819	16.19
Gainsdale Pty Ltd	15,746,001	15.80
James Management Services Pty Ltd	13,039,750	13.08
Lazard Asset Management Pacific Co	11,117,858	11.15
Perpetual Investments	5,826,806	5.85
Friday Investments Pty Ltd	4,478,394	4.49
Vanguard Investments Australia	3,749,927	3.76
Paradice Investment Management Pty Ltd	2,522,673	2.53
Dimensional Fund Advisors	1,809,913	1.82
AusBil Dexia	1,289,968	1.29
Acadian Asset Management	1,062,223	1.07
Fidelity Management & Research	1,020,000	1.02
Putnam Investment Management	834,154	0.84
Trinity Holdings	750,000	0.75
Citigroup Global Markets	743,952	0.75
State Street Global Advisors	740,006	0.74
Legal & General Investment Management	520,564	0.52
K2 Asset Management	479,042	0.48
AMP Capital Investors	428,787	0.43
Norges Bank Investment Management	425,869	0.43
	82,721,706	82.99

C. Substantial holders

Substantial holders (including associate holdings) in the company are set out below:

Ordinary shares		
Gainsdale Pty Ltd	16,142,537	16.19 %
Gehar Pty Ltd	15,828,535	15.88 %
James Management Services Pty Ltd	13,042,274	13.08 %
Lazard Asset Management Pacific Co	11,117,858	11.15 %
Perpetual Investments	5,826,806	5.85 %

Trinity Holdings Pty Ltd is potentially a substantial shareholder as it is party to a pre-emptive agreement dated 5 October 1995 between Gainsdale Pty Ltd, Gehar Pty Ltd, James Management Services Pty Limited and Friday Investments Pty Ltd. This agreement binds each of the parties to give first right of refusal on the purchase of shares in the company. Trinity Holdings Pty Ltd held 750,000 shares (0.75%) as at 17 August 2009.

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Directors	
	G.F.Turner
	P.F.Barrow
	P.R.Morahan
	G.W.Smith
Secretary	D.C.Smith
Principal registered office in Australia	Level 2, 545 Queen Street Brisbane QLD 4000
Share and debenture register	Computershare Investor Services Pty Ltd Level 19 307 Queen Street Brisbane QLD 4000
Auditor	PricewaterhouseCoopers Riverside Centre Level 15, 123 Eagle Street Brisbane QLD 4000
Stock exchange listings	Flight Centre Limited shares are listed on the Australian Stock Exchange.
Website address	www.flightcentre.com

Attachment B

Full Year Results Announcement

STATEMENT TO AUSTRALIAN SECURITIES EXCHANGE – August 25, 2009

FLIGHT CENTRE LIMITED RELEASES AUDITED 2008/09 RESULTS

Result summary

	2008/09	2007/08
Total transaction value (TTV)	$11.2b	$10.9b
Gross profit	$1.5b	$1.45b
Income margin (gross profit as a percentage of TTV)	13.49%	13.34%
EBITDA	$88.5m	$231.4m
EBIT	$28.7m	$187.4m
Pre-tax profit – trading (includes US)	$99.8m	$212.3m
Impairment and write-offs (includes US equities)	($59.4m)	($11.3m)
Pre-tax profit – actual	$40.4m	$201.0m
Net profit after tax – actual	$38.2m	$134.8m
Dividends Interim (paid in March) Final (paid in October)	 9.0c N/A	 37.5c 48.5c

Highlights

- **Profit:** Reasonable trading performance but actual results affected by $59.4m in non-recurring impairment and write-downs, plus $38m in United States losses and expenses (incurred during first three quarters)
- **Sales:** Income margin maintained on lower yields. Volumes increasing and some evidence of yields stabilising late in year
- **Balance sheet:** Strengthened in challenging conditions, particularly during second half – $161m in general cash ($125m at Dec 31) and debt down to $128m ($190m at Dec 31)
- **Cash focus:** Cost control focus and conservative capital expenditure management led to significant cash inflow during second half
- **Outlook:** Conditions stabilising, but timing of full recovery uncertain. Some positive momentum from 2008/09 and encouraging early results for 2009/10
- **Guidance – 2009/10**: Initially targeting $125m-$135m pre-tax profit after good start and with reasonable contracts, ongoing focus on cash and costs

Result overview

FLIGHT Centre Limited (FLT) today released audited accounts for 2008/09.

The company traded in line with expectations globally and broke even in the US leisure business during the fourth quarter to finish the year with a $99.8million pre-tax trading profit and a $40.4million actual pre-tax result.

Results were in line with recent guidance and adversely affected by $59.4million in one-off asset impairment and write-downs plus $38million in US trading-related losses and expenses, as outlined in FLT's August 11 market announcement.

Including all one-offs, the company achieved a $38.2million net profit after-tax.

FLT booked its historic US tax losses, which led to a one-off reduction in its effective tax rate. Assuming normal conditions, the company's tax rate should return to normal levels (30%-34%) for 2009/10.

Sales results were affected by a slowdown in global demand during the second and third quarters and lower than normal yields late in the year, reflecting unprecedented airline and land operator price discounting.

Within this challenging climate, income margin increased to 13.49%.

Shop numbers increased marginally as FLT slowed new store growth and closed 40 US stores. At June 30, sales staff represented 82% of FLT's global workforce.

Balance sheet, cash and cash flow

FLT enhanced its traditional balance sheet strength during 2008/09 by improving its net debt position.

General cash was $161million at June 30 and debt decreased to $128million. To reduce debt, FLT repaid its Melbourne and Auckland property loans.

The company's overall cash and investment portfolio totalled $786million at June 30. Cash represented 88% of this global portfolio, compared to 68% at December 31

2008, after FLT converted some investments to cash as part of a more conservative treasury policy.

Operating cash flow was close to break-even over the full year, with a large second half inflow offsetting the first half outflow. This reflects the business's seasonality, with funds accumulating during peak booking seasons, predominantly the six months to June 30, ahead of peak travel seasons during the following six months.

To boost cash and contain costs, FLT:

- Reviewed capital expenditure, which led to reduced second half spending
- Implemented a freeze on employing support staff, which led to selling staff numbers increasing as a percentage of FLT's total workforce; and
- Implemented a leaner structure, following redundancies in the US predominantly but also in other operations

Excluding Liberty, FLT's major expense item – wages – contracted with revenue, while marketing spend increased to create market share opportunities as competitors reduced spending.

Geographic review

FLT managing director Graham Turner said trading highlights included:

- Continued healthy customer enquiry throughout 2008/09
- Some leisure sectors performing well, including online, youth and adventure
- Business development managers (BDMs) winning new corporate accounts to partially offset client down-trading. To increase future returns, FLT significantly increased BDM numbers globally (now almost 300); and
- Continued wholesale and global product contracting expansion, which should create future margin improvement opportunities

"The year to June 30 2009 was a turbulent period for the travel industry, with turmoil on world financial markets, flu, short-term unrest in some international markets and unprecedented airline discounting all affecting results," he said.

"In these very challenging conditions, FLT traded solidly, improved income margin and finished the year with a stronger balance sheet than it had 12 months ago.

“The company proactively cut administrative costs and slowed new store growth, but maintained its investment in advertising, sales staff development and growth in specialist areas to create market share opportunities.

“FLT also launched a new sales conversion program to capitalise on the healthy customer enquiry generated throughout the year and initiated significant change in the US to improve performance, particularly in Liberty.”

Since acquiring Liberty in February 2008, FLT’s key US achievements have included:

- Integration: Unifying leisure, corporate and wholesale travel operations, with Liberty, FCm and GoGo now part of a network of more than 220 businesses. Key FLT systems have now been introduced, including the shop-based incentive model (introduced in Liberty early in 2009/10)
- Costs: An annualized $USD30million in expenses have been taken out, with almost 700 support positions removed and 40 poorly located shops closed
- New revenue streams: Liberty Business Travel was launched during 2008/09, along with specialist cruise website, discountcruises.com; and
- Wholesale expansion: Through its relationship with FLT’s Infinity wholesale brand, the profitable GoGo business now offers a global wholesale product range to its client network of 12,000 US travel agents, in addition to supplying locally contracted Americas product to FLT consultants worldwide

FLT generated $2.3billion in TTV in the US during 2008/09 and incurred the previously disclosed $62million in losses, impairment and non-recurring expenses, plus losses of $2.1million from the Canadian business, which was adversely affected by the swine flu outbreak late in the year.

Elsewhere, FLT traded profitably in all other regions over the full year, apart from Asia-Middle East. FLT’s established corporate businesses in India, China and Hong Kong were affected by the business travel downturn brought about by the global financial crisis, as were the Dubai and Singapore start-ups.

Achievements in FLT’s other major geographic regions are outlined in an appendix to this announcement.

Outlook – 2009/10

FLT proactively implemented a number of strategies during 2008/09 to improve performance and future shareholder returns.

These key strategies are again in place during 2009/10 and include:

- Growth – increasing market share in core, specialist travel and new businesses through same store sales growth, supplemented by modest shop growth, and by recruiting, retaining and developing the right sales people
- Customer retention – building customer loyalty to increase repeat business, predominantly through improved service, feedback and marketing
- Margin – increasing the range and available margin for all business units through an enhanced global land and air product buying system
- US improvement – achieving a break-even result or small profit through further BDM growth, improved enquiry and conversion, increased product breadth and depth and ongoing cost control; and
- Cash generation – improving FLT's net cash position to ensure the company has the flexibility to pursue opportunities, respond rapidly to improvements in market conditions and the ability to use cash to fund future initiatives

As announced previously, FLT will not declare a final dividend for 2008/09 and will preserve cash in the short-term. FLT's Board expects to restore its policy of returning 50-60% of net profit after tax to shareholders as soon as it is reasonable to do so.

The company will also continue to reduce capital expenditure and expects to spend less than $60million during 2009/10, as project and building-related spending reduces and new shop growth is more modest.

Mr Turner said FLT would initially target a pre-tax profit between $125million and $135million in an improving but still uncertain trading climate during 2009/10.

"While FLT has not yet seen conclusive evidence of a full recovery, the company has started the year with some positive momentum from the fourth quarter, particularly in the US, and has achieved encouraging trading results in July and August," he said.

"Cheap airfares and holiday deals have started to stimulate demand, which has led to improving sales volumes, albeit at lower than normal yields.

“Strategies are in place to ensure we capitalise on the opportunities this presents in the short-term and to ensure that cash reserves continue to build, which will allow us to take advantage of future opportunities.

“We also have reasonable agency contracts with most major suppliers and a stronger sales network, following:

- The growth we recorded in specialist areas during 2008/09
- The addition of new business development managers
- Completion of the shop of the future refurbishment program, with the new design now in place in all stores globally; and
- The global introduction of a comprehensive new sales conversion program

“While there are certain to be some challenges, FLT is in a very solid position.”

ENDS Media and investor enquiries to Haydn Long 0418 750454

Investor conference call
FLT’s investor conference call will be held at 11am today (August 25). Dial-in details are as follows:

- Within Australia 1800 098754
- International Toll Dial-In Number +61 293387300

Appendix 1: Geographic performance

REGION	RESULTS AND PERFORMANCE OVERVIEW
Australia	TTV: $5.9b, down 7% Achievements 1000th business opened Flight Centre judged Australia's 14th most valuable brand at $630m (Source: Interbrand) Nationwide Cruiseabout network created Promising results from cycle and recruitment marketing JVs 99 Bikes same store sales up 35%
UK	TTV: $1.1b, down 8% (down 9% in local currency) Achievements Strong growth in BDM numbers New leisure travel service created for existing corporate clients Employment Office launched and Back Roads Touring acquired
NZ	TTV: $565.9m, down 15% (down 8% in local currency) Achievements Reasonable finish to 2008/09 Specialist business travel and round-the-world shops launched, along with external wholesale brand, Escape Holidays
South Africa	TTV: $405.7m, down 7% (up 4% in local currency) Achievements Brand diversity – Travel Associates network now has five stores 16 new BDMs employed to win leisure and corporate business New leadership structure implemented, linked to UK
Canada	TTV: $695.4m, up 4% (up 6% in local currency) Achievements Reasonable corporate profit, leisure results down and affected by swine flu Employment Office and Stage & Screen introduced Infinity wholesale business rebranded GoGo

Attachment C

Half Year Financial Report and Directors’ Report for the Half Year Ended 31 December 2009

APPENDIX 4D

FLIGHT CENTRE LIMITED (FLT)
ABN 25 003 377 188

HALF YEAR REPORT
31 DECEMBER 2009

FLIGHT CENTRE LIMITED (FLT)
ABN 25 003 377 188

HALF YEAR REPORT
31 DECEMBER 2009

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FLIGHT CENTRE LIMITED (FLT)
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HALF YEAR REPORT
31 DECEMBER 2009

RESULTS FOR ANNOUNCEMENT TO THE MARKET

RESULTS IN BRIEF

	Dec 2009 $m	Dec 2008 $m	Change $m	Change %
Total transaction value (TTV) ~	**5,201.4**	**5,788.1**	(586.7)	(10.1%)
Revenue ~~	**818.5**	**878.7**	(60.2)	(6.9%)
Gross profit	**722.8**	**773.1**	(50.3)	(6.5%)
Net profit before tax	**73.6**	**34.2**	39.4	115.2%
Net profit after tax	**51.1**	**26.1**	25.0	95.8%

~ 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.

~~ Revenue from the sale of travel services is recorded at the time of issuing travel documents, consistent with an agency relationship. There is a portion of the United Kingdom (UK) business that recognises revenue on an availed basis under a principal relationship, due to the different rules and regulations governing the Flight Centre 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 still operating as an agent.

DIVIDENDS	Amount per Security Cents	100% Franked Amount Cents
Interim Dividend previous corresponding period, paid	**9.0**	**9.0**
No final dividend for 30 June 2009 was paid	-	-

The record date for determining entitlements to the interim dividend of 26.0 cents per share is Friday 12 March 2010. The payment date for the interim dividend is Thursday 1 April 2010.

NET TANGIBLE ASSETS	Dec 2009 $m	Dec 2008 $m
Net tangible asset backing per ordinary security	**2.56**	1.12

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 their 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 2009.

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 and results

FLIGHT Centre Limited (FLT) traded ahead of expectations during the six months to 31 December 2009 to record a $73.6million pre-tax profit and a $51.1million net profit after tax.

FLT's pre-tax profit increased 115% in comparison to the actual $34.2million result achieved during the previous corresponding period and 19% in comparison to the normalised 2008/09 first half result of $62.0million (adjusted for one-off investment portfolio losses of $27.8m).

The company achieved this profit growth despite the effects of:

- Minimal economic recovery in some key international markets, including the United States and the United Kingdom
- Declining cash yields, which contributed to a $12million reduction in interest income compared to the previous corresponding period; and
- Significantly lower average ticket price, which meant that healthy increases in ticket sales did not lead to actual TTV growth

While yields, or ticket prices, began to gradually increase late in the first half, fares remained well below traditional levels, following the widespread supplier discounting that took place during the second half of 2008/09.

Within this low fare environment, TTV reached $5.2billion globally.

Income margin (gross profit as a percentage of TTV) increased to 13.9%.

After bolstering its balance sheet during the second half of 2008/09, FLT built on its financial strength by increasing cash reserves and maintaining debt levels during the first half.

General cash was $230million at 31 December 2009 and debt was $145million, giving FLT an $85million positive net debt position.

FLT's global cash and investment portfolio totalled $726million, up from $660million at 31 December 2008.

At the half year, the cash and fixed interest products represented 97% of this portfolio, with corporate collaterized debt obligations and hybrid products representing the balance.

Operating cash flow improved significantly in comparison to the first half of 2008/09.

As expected, a moderate outflow was recorded during the first half of 2009/10, as FLT paid funds that accumulated during the second half of 2008/09 to suppliers. The company expects an operating cash inflow during the seasonally stronger second half, as funds again accumulate during the year's peak booking periods.

In light of FLT's strong cash performance, the company's directors have reinstated its traditional dividend policy.

The directors today declared a 26.0 cent interim dividend, payable on 1 April 2010 to shareholders registered on 12 March 2010. This represents a 51% return of NPAT to shareholders and a 189% increase on the previous corresponding dividend.

Review of operations

The Australian business has driven FLT's profit growth during the first half. Economic recovery has not yet gained significant momentum elsewhere in the world, although conditions have stabilised in most markets after the turbulence that affected results from late in the second quarter last year. In addition to healthy overall profit growth, first half highlights have included:

- Increased ticket sales in most markets
- Improved overall margins
- Increased cash reserves; and
- Further enhancements to FLT's global leisure, corporate and wholesale travel footprint

In leisure travel, results have been good, particularly in Australia.

In corporate travel, FLT has continued to offset the effects of client downtrading by winning new accounts, which should allow it to benefit when companies return to normal travel patterns.

In wholesale travel, results have been strong, with FLT's direct-contracting model now in place globally and being a key contributor to the company's profit and margin growth.

Within FLT's individual businesses, first half results included:

- Significant profit growth from the Australian business
- Reasonable profit in the UK, despite the GFC's ongoing effects
- Profits in New Zealand, Canada and South Africa
- Moderate losses from the Asian corporate travel businesses, with the Dubai startup operation already profitable and the Singapore business expected to breakeven by the end of the year; and
- Reduced losses in the USA.

Elsewhere in the company, cycle businesses 99 Bikes and Advance Traders Australia continue to perform encouragingly during their startup phase. Both businesses recorded strong sales increases during the first half and generated about $400,000 in EBITDA and $11.6million in revenue.

Outlook – 2009 / 10

While challenges remain, particularly in the USA, FLT's fundamentals are strong as the company enters the next phase of its evolution.

FLT has emerged from the difficulties it faced last year with a stronger sales force, stronger brand offerings catering for most market niches, a leaner cost base and a stronger balance sheet.

Looking ahead, the company sees continued growth and improvement opportunities, particularly in corporate and wholesale travel and in niche areas of the leisure market.

In addition to its ongoing business improvement initiatives, FLT will focus on six key areas to improve performance and future shareholder returns.

These key areas include:

- Improving the return on FLT's investment in India, Canada and the USA
- Ensuring the company's One Best Way operating culture is in place in all support areas, brands and businesses
- Attracting and retaining more of the right leaders
- Procuring and retaining customers across the business
- Further development of the company's global land and air product buying and distribution system; and
- Selection and incubation of emerging bricks and mortar and online businesses.

The company will continue to target a full year pre-tax profit between $160million and $180million, excluding any major abnormal items

As part of its normal business procedures, FLT monitors its brands and assets for possible impairment. While no assets are currently impaired, the company and board continue 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 26.0 cents per share fully franked interim dividend payable on 1 April 2010 to shareholders registered on 12 March 2010. This represents a 50.7% 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 2008 was 9 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

On 15 January 2010, Flight Centre Limited entered into a Settlement Agreement to purchase 44% of FCm Travel Solutions (India) Private Limited. The agreement is subject to the satisfaction of a number of conditions and, if completed, will see Flight Centre Limited take 100% control of FCm Travel Solutions (India) Private Limited.

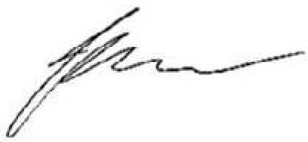
Auditors' independence declaration

A copy of the auditors' 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.F. Turner
Director
25 February 2010

PricewaterhouseCoopers
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Auditor's Independence Declaration

As lead auditor for the review of Flight Centre Limited for the half year ended 31 December 2009, 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.

Robert Baker

Robert Baker
Partner

Brisbane
25 February 2010

PricewaterhouseCoopers

PricewaterhouseCoopers

	Notes	**As at 31 December 2009 $'000**	As at 30 June 2009 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7	**628,591**	692,725
Available-for-sale financial assets		**82,365**	77,880
Receivables		**212,350**	234,029
Current tax receivables		**4,528**	11,321
Inventories		**497**	105
Other financial assets	8	**15,474**	15,474
Derivative financial instruments		**238**	279
Other current assets		**5,639**	3,917
Total current assets		**949,682**	1,035,730
Non-current assets			
Property, plant and equipment		**154,529**	177,425
Intangible assets		**384,670**	419,286
Deferred tax assets		**53,036**	68,091
Investments accounted for using the equity method		**25,285**	26,648
Total non-current assets		**617,520**	691,450
Total assets		**1,567,202**	1,727,180
LIABILITIES			
Current liabilities			
Trade and other payables		**714,026**	908,501
Borrowings		**65,887**	51,590
Provisions		**7,629**	6,922
Current tax liabilities		**16,489**	1,702
Derivative financial instruments		**615**	7,366
Total current liabilities		**804,646**	976,081
Non-current liabilities			
Payables		**17,665**	22,668
Borrowings		**79,513**	75,968
Deferred tax liabilities		**12,188**	28,381
Provisions		**11,304**	11,662
Derivative financial instruments		**1,570**	1,731
Total non-current liabilities		**122,240**	140,410
Total liabilities		**926,886**	1,116,491
Net assets		**640,316**	610,689
EQUITY			
Contributed equity	9	**377,917**	377,602
Reserves		**(28,993)**	(7,169)
Retained profits		**291,392**	240,256
Total equity		**640,316**	610,689

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

Flight Centre Limited
Consolidated Income Statement
31 December 2009

	Notes	Half year ended 31 December 2009 $'000	31 December 2008 $'000
Revenue			
Revenue from the sale of travel services	2	**695,941**	731,625
Revenue from the sale of travel as principal	2	**108,420**	120,422
Other revenue	2	**14,123**	26,703
Total revenue		**818,484**	878,749
Cost of travel as principal		**(95,722)**	(105,631)
Gross profit		**722,762**	773,118
Other income	3	**-**	8,171
Expenses			
Selling expenses		**(535,136)**	(588,642)
Administration / support expenses		**(100,193)**	(144,887)
Finance costs	4	**(13,202)**	(13,621)
Share of profit / (loss) of joint venture and associates accounted for using the equity method	10	**(595)**	74
Profit before income tax expense	4	**73,636**	34,214
Income tax expense		**(22,500)**	(8,102)
Profit attributable to members of Flight Centre Limited		**51,136**	26,112
Earnings per share for profit attributable to the ordinary equity holders of the company:		**Cents**	Cents
Basic earnings per share	6	**51.3**	26.2
Diluted earnings per share	6	**51.3**	26.2

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

Flight Centre Limited
Consolidated Statement of Comprehensive Income
31 December 2009

	Half year ended	
	31 December 2009 $'000	31 December 2008 $'000
Profit attributable to members of Flight Centre Limited	**51,136**	26,112
Other comprehensive income:		
Changes in the fair value of available-for-sale financial assets	**3,801**	(27)
Changes in the fair value of cash flow hedges	**-**	(3,896)
Net exchange differences on translation of foreign operations	**(24,259)**	45,219
Income tax expense on items of other comprehensive income	**(1,605)**	1,177
Other comprehensive income, net of tax	**(22,063)**	42,473
Total comprehensive income for the period attributable to members of Flight Centre Limited	**29,073**	68,585

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

Consolidated

	Notes	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2008		**377,343**	**(43,626)**	**269,462**	**603,179**
Total comprehensive income for the half year		**-**	**42,473**	**26,112**	**68,585**
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	5	-	-	(48,310)	**(48,310)**
Balance at 31 December 2008		**377,343**	**(1,153)**	**247,264**	**623,454**
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**

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 2009

	Notes	Half year ended 31 December 2009 $'000	31 December 2008 $'000
Cash flows from operating activities			
Receipts from customers (including GST)		**733,021**	787,076
Payments to suppliers and employees (including GST)		**(796,627)**	(1,040,642)
Interest received		**11,856**	24,040
Royalties received		**263**	382
Interest paid		**(12,179)**	(16,335)
Income taxes paid		**(4,559)**	(48,214)
Net cashflow from operating activities		**(68,225)**	(293,693)
Cash flows from investing activities			
Payment for purchase of businesses and for additional issues of shares in subsidiaries		**-**	(4,197)
Payments for property, plant and equipment		**(7,489)**	(40,988)
Proceeds from the sale of property, plant and equipment		**40**	-
Payments for intangibles		**(1,099)**	(9,319)
Payments for investments		**(1)**	(11,607)
Proceeds from sale of investments		**1,404**	63,544
Net cashflow from investing activities		**(7,145)**	(2,567)
Cash flows from financing activities			
Loans advanced to related parties		**(1,506)**	(2,454)
Proceeds from borrowings		**32,891**	92,600
Repayment of borrowings		**(12,736)**	(95,554)
Proceeds from issue of shares		**573**	-
Dividends paid to company's shareholders	5	**-**	(48,310)
Net cashflow from financing activities		**19,222**	(53,718)
Net decrease in cash held		**(56,148)**	(349,978)
Cash and cash equivalents at the beginning of the half year		**691,973**	727,507
Effects of exchange rate changes on cash and cash equivalents		**(11,512)**	57,782
Cash and cash equivalents at end of the half year	7	**624,313**	435,311

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 2009 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 2009 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, except as set out below.

Changes in accounting policy

From 1 July 2009 the Flight Centre Limited group ("the group"), has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2009. Adoption of these standards and interpretations did not have any effect on the group's financial position or performance. However the adoption of AASB 8 has caused the group to revise its segment reporting. See Note 12 for details of the reportable segments and applicable accounting policies.

- AASB 8 Operating Segments.
- AASB 101 Revised Presentation of Financial Statements.
- AASB 123 Revised Borrowing Costs.

The following amending standards have also been adopted from 1 July 2009:

- AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8.
- AASB 2007-6 Amendment to Australian Accounting Standards arising from AASB 123.
- AASB 2007-8 Amendment to Australian Accounting Standards arising from AASB 101.
- AASB 2008-5 Amendment to Australian Accounting Standards arising from the Annual Improvements Project.
- AASB 2008-6 Amendment to Australian Accounting Standards arising from the Annual Improvements Project.
- AASB 2008-7 Amendment to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate.
- Interpretation 11 IFRS 2-Group and Treasury Share Transactions.
- Interpretation 12 Service Concession Arrangements.
- Interpretation 13 Customer Loyalty Programmes.

The group has not elected to early adopt any new standards or amendments.

	Half year ended 31 December 2009 $'000	31 December 2008 $'000

2 Revenue

	31 December 2009 $'000	31 December 2008 $'000
Total transaction value (TTV)	**5,201,353**	5,788,082
Revenue from the sale of travel services		
Commission and fees from the provision of travel	**514,986**	549,025
Revenue from the provision of travel	**151,080**	161,089
Other revenue from travel services	**29,875**	21,511
	695,941	731,625
Revenue from the sale of travel as principal	**108,420**	120,422
Other revenue		
Rents and sub-lease rentals	**2,057**	2,662
Interest	**12,066**	24,040
	14,123	26,703

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

3 Other income

	31 December 2009 $'000	31 December 2008 $'000
Net foreign exchange gains	**-**	8,171

4 Profit for the half year

Profit before income tax includes the following specific expenses:

	31 December 2009 $'000	31 December 2008 $'000
Depreciation, Amortisation and Impairment		
Depreciation and amortisation	**26,682**	28,159
Impairment charge of Available-for-sale investments	**-**	25,027
Financial assets at fair value through the Income Statement	**-**	2,736
Impairment of assets	**-**	694
Finance costs		
Interest and finance charges paid / payable	**13,202**	14,844
Other		
Net foreign exchange losses	**1,296**	-

	Half year ended 31 December 2009 $'000	31 December 2008 $'000

5 Dividends

(a) Ordinary shares

Final ordinary dividend for the year ended 30 June 2009 of $nil (2008: 48.5 cents) per fully paid share.	-	48,310
	-	48,310

(b) 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 26.0 cents (2008: 9 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 2010 out of retained profits at 31 December 2009, but not recognised as a liability at the end of the half year is $25,917,023 (2008: $8,964,793).

6 Earnings per share

	2009	2008
(a) Basic earnings per share	**Cents**	Cents
Profit attributable to the ordinary equity holders of the company	**51.3**	26.2
(b) Diluted earnings per share		
Profit attributable to the ordinary equity holders of the company	**51.3**	26.2

	2009	2008
(c) 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	**51,136**	26,112

	2009	2008
(d) 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	**99,680,738**	99,608,807
Adjustments for calculation of diluted earnings per share:		
Options	**75,000**	30,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**99,755,738**	99,638,807

	As at 31 December 2009 $'000	As at 30 June 2009 $'000

7 Cash and cash equivalents

Cash at bank and on hand	**229,958**	160,921
Client account	**398,633**	531,804
	628,591	692,725
Reconciliation to Statement of Cash Flows		
Cash and cash equivalents	**628,591**	692,725
Bank overdrafts	**(4,278)**	(752)
Balance per Statement of Cash Flows	**624,313**	691,973

8 Other financial assets

Debt securities	**15,474**	15,474

9 Contributed equity

	31 December 2009 Shares	30 June 2009 Shares	31 December 2009 $'000	30 June 2009 $'000
Share capital				
Fully paid ordinary shares	**99,680,858**	99,644,038	**377,917**	377,602

10 Interests in joint ventures and associates

	Ownership Interest	
	31 December 2009	30 June 2009
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	26%	26%
FCm Travel Solutions (India) Private Limited	56%	56%

11 Business combinations

Prior year acquisition - Back Roads Touring Co. Ltd

(i) Summary of acquisition

On 31 October 2008 Flight Centre Limited acquired 100% of the equity of Back Roads Touring Co. Ltd, a bus touring company based in London, United Kingdom. On 2 February 2009 Back Roads issued shares to a third party in what was deemed to be a dilution of 25% of Flight Centre's shareholding. In addition to owning 25% of the shares in Back Roads, the third party also obtained an option to purchase a further 25% shareholding. This purchase and option over shares in Back Roads by the third party meant that from 2 February 2009 Flight Centre had joint control over Back Roads and would account for the entity as a joint venture.

The acquired business contributed a net loss of $161k to the group for the period from 1 November to 1 February 2009. Had the acquisition occurred on 1 July 2008, the revenue and profit contribution for the seven months to 1 February would have been $1.6M and $69k respectively.

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:

	30 June 2009 $'000
Purchase consideration	
Cash paid	2,691
Deferred consideration	186
Direct costs relating to the acquisition	77
Total purchase consideration	**2,954**
Fair value of net identifiable assets acquired	2,364
Goodwill	**590**

(ii) Purchase consideration

Outflow of cash to acquire subsidiary:	
Cash consideration (including acquisition costs)	2,768
Less: Cash acquired	(2,092)
Outflow of cash	**676**

Deferred consideration is payable to the previous owner of Back Roads Touring Co. Ltd, who has taken up a consultancy position with the Flight Centre group. The amount is payable irrespective of whether the previous owner continues his consulting contract with the Flight Centre Limited group.

(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	2,092	2,092
Accounts receivable	76	76
Motor vehicles	322	322
Deposits	10	10
Trade creditors	(44)	(44)
Provision for tax	(70)	(70)
Deferred income	(22)	(22)
Net identifiable assets acquired	2,364	2,364

No acquisition provisions were created.

12 Segment information

(a) 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 – 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 and two operating segments for North America. The aggregation was on the basis of similarity of service provided, economic returns and regulatory environment.

(b) 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.

(c) 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 operating profit before income tax is provided as follows:

	Consolidated 2009 $'000	**Consolidated 2008 $'000**
Adjusted EBIT	**68,869**	**13,852**
Interest expense	(3,005)	(6,132)
Interest revenue	9,444	19,674
Net interest income / expense	6,439	13,542
Deferred consideration	(15)	(375)
Foreign exchange gains on intercompany loans	(1,680)	7,195
Other non-material items	23	-
Profit before income tax	**73,636**	**34,214**

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

12 Segment information (continued)

(d) 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 2009 and 31 December 2008 is as follows:

31 December 2009

	Australia $'000	United Kingdom $'000	North America $'000	All other segments $'000	Total $'000
TTV	2,978,510	482,176	1,192,679	547,988	5,201,353
Total segment revenue	408,851	164,558	146,400	98,085	817,894
Adjusted EBIT	77,484	6,933	(10,196)	(5,352)	68,869

31 December 2008

	Australia $'000	United Kingdom $'000	North America $'000	All other segments $'000	Total $'000
TTV	2,938,438	575,633	1,483,407	790,604	5,788,082
Total segment revenue	382,915	191,132	186,543	118,617	879,207
Adjusted EBIT	49,304	12,350	(42,972)	(4,830)	13,852

13 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.

14 Events occurring after the end of the reporting period

On 15 January 2010, Flight Centre Limited entered into a Settlement Agreement to purchase 44% of FCm Travel Solutions (India) Private Limited. The agreement is subject to the satisfaction of a number of conditions and, if completed, will see Flight Centre Limited take 100% control of FCm Travel Solutions (India) Private Limited.

Directors' declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 7 to 18 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 2009 and of its performance for the financial 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.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001.*

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

G.F. Turner
Director

25 February 2010

PRICEWATERHOUSECOOPERS

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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 statements of Flight Centre Limited which comprise the statement of financial position as at 31 December 2009, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the 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 and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 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.

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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.

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 2009 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.*

PricewaterhouseCoopers

PricewaterhouseCoopers

Robert Baker

R A Baker
Partner

Brisbane
25 February 2010

Liability limited by a scheme approved under Professional Standards Legislation

Attachment D

Half Year Results Announcement

STATEMENT TO AUSTRALIAN SECURITIES EXCHANGE – February 25, 2010

FLIGHT CENTRE LIMITED RELEASES HALF YEAR ACCOUNTS

Result summary

	31 Dec 2009	31 Dec 2008
Total transaction value (TTV)	$5.2b	$5.8b
Gross profit	$722.8m	$773.1m
Income margin (gross profit as a percentage of TTV)	13.9%	13.33%
EBITDA	$100.5m	$53.2m
EBIT	$73.9m	$25.0m
Pre-tax profit (actual)	$73.6m	$34.2m
Pre-tax profit (normalised)	$73.6m	$62.0m
Net profit after tax (NPAT)	$51.1m	$26.1m
Interim Dividend	26.0c	9.0c

Highlights

- Profit: Strong growth in comparison to 2008/09 – actual pre-tax result up 115%
- Sales: Good volumes in most markets and further margin improvement. Cheap fares stimulating demand
- Cash growth: Cash and investment portfolio up 10%, general cash increasing and stronger positive net debt position
- Dividends: $0.26 per share interim dividend declared – 51% of NPAT to be returned to shareholders
- Market conditions: Stabilising after turbulence of 2008/09 but minimal recovery so far in some geographies. Australia rebounding strongly and driving overall profit growth
- Outlook: Continuing to target $160m-$180m pre-tax profit, excluding any major abnormal items

Result overview

FLIGHT Centre Limited (FLT) today released half year accounts for the six months to December 31 2009.

The company traded ahead of expectations during the period to record a $73.6million pre-tax profit and a $51.1million net profit after tax.

FLT's pre-tax profit increased 115% in comparison to the actual $34.2million result achieved during the previous corresponding period and 19% in comparison to the normalised 2008/09 first half result of $62.0million.

The company achieved this profit growth despite the effects of:

- Minimal economic recovery in some key international markets, including the United States and the United Kingdom
- Lower cash yields, which contributed to a $12million reduction in interest income compared to the previous corresponding period; and
- Significantly lower average ticket prices, which meant that healthy increases in ticket sales did not lead to actual TTV growth

Yields, or ticket prices, remain well below traditional levels, following widespread supplier discounting during the second half of 2008/09.

As a result of this discounting, the average yield for international fares sold in Australia during the first half decreased 17% in comparison to the previous corresponding period.

Within this low fare environment, TTV reached $5.2billion globally.

Income margin increased to 13.9%.

FLT continued to open businesses, although growth rates slowed during the GFC.

Numbers increased marginally during the past year to 2020, despite the closure of 40 US businesses in February 2009. The Indian corporate travel operations are not included in FLT's business numbers at December 31 2009, as the company did not control the joint venture during the period.

Balance sheet, cash and cash flow

After bolstering its balance sheet during the second half of 2008/09, FLT built on its financial strength by increasing cash reserves and maintaining debt levels.

FLT's global cash and investment portfolio totalled $726million at December 31, 2009, up from $660million one year earlier.

Cash and fixed interest products represented 97% of this portfolio, with corporate collaterized debt obligations (CDOs) and hybrid products representing the balance. Company cash totalled $230million.

Operating cash flow improved significantly in comparison to the first half of 2008/09.

As expected, a moderate outflow was recorded during the first half of 2009/10, as FLT paid funds that accumulated during the second half of 2008/09 to suppliers. The company expects an operating cash inflow during the seasonally stronger second half, as funds again accumulate during the year's peak booking periods.

In light of FLT's strong cash performance, the company's directors have reinstated its traditional dividend policy.

The directors today declared a $0.26 interim dividend, payable on April 1, 2010 to shareholders registered on March 12, 2010. This represents a 51% return of NPAT to shareholders and a 189% increase on the previous corresponding dividend.

Operational review

Managing director Graham Turner said the company had started the year solidly, with the Australian business driving profit growth so far.

He said while economic recovery had not yet gained significant momentum elsewhere, conditions had stabilised in most markets after the turbulence that affected results from late in the second quarter last year.

“Generally, we can be pleased with our result,” Mr Turner said.

“In addition to achieving healthy overall profit growth, we have:

- Increased ticket sales in most markets
- Boosted overall margins
- Substantially increased cash reserves; and
- Built for the future by continuing to strengthen our global leisure, corporate and wholesale travel footprint

“Leisure results have been good, particularly in Australia, where cheap fares have stimulated demand and consumer confidence appears to have rebounded fastest. Profit has increased significantly in comparison to last year, both in our shops and in our online businesses.

“In corporate travel, we have continued to offset the effects of client downtrading by winning new accounts, which should allow us to benefit when companies return to normal travel patterns. We have also reintroduced the Corporate Traveller brand to target local and national accounts and complement the global FCm Travel Solutions business, which focuses on larger national and multinational customers.

“In wholesale travel, results have been strong, with our direct-contracting model now in place globally and being a key contributor to FLT’s profit and margin growth.”

Within FLT’s individual businesses, Mr Turner said first half results included:

- Significant profit growth from the Australian business
- Reasonable results in the UK, despite the GFC’s ongoing effects, with TTV in line with last year in local dollars and healthy profits from both the leisure and corporate businesses
- Profits in New Zealand, Canada and South Africa; and
- Moderate losses from the Asian corporate travel businesses, with the Dubai start-up operation already profitable and the Singapore business expected to breakeven by the end of the year

In the USA, losses before tax were in line with expectations and consisted of $5million in trading losses from the Liberty business, $1.1million in losses from the

FCm Travel Solutions corporate businesses, $2.1million in interest expense and $3.6million in one-off costs during the first half.

Stronger results are expected during the second half, which is traditionally the peak booking season for US travel agencies.

FLT expects the US retail business to make a positive EBITDA contribution for the full year, a significant improvement on 2008/09 when it lost more than $60million at pre-tax level. While the company continues to target a breakeven profit result for 2009/10, volatile US trading conditions make it extremely difficult to forecast returns.

In India, FLT is close to finalising its agreement to take 100% ownership and control of FCm Travel Solutions India by acquiring joint venture partner Rahul Nath's 44% interest in the business. As announced previously, the agreement is subject to the satisfaction of a number of conditions.

Elsewhere in the company, cycle businesses 99 Bikes and Advance Traders Australia continue to perform encouragingly during their start-up phase.

Both businesses recorded strong sales increases during the first half and generated about $400,000 in EBITDA and $11.6million in revenue.

Outlook – 2009/10

Mr Turner said FLT had started the second half with significant momentum and was well placed for profit growth if current conditions continued.

"While challenges remain, our fundamentals are strong as we enter the next phase of our evolution," he said.

"We have emerged from the difficulties we faced last year with a stronger sales force, stronger brand offerings catering for most market niches, a leaner cost base and a stronger balance sheet.

"Looking ahead, we see continued growth and improvement opportunities, particularly in corporate and wholesale travel and in niche leisure market areas.

“Within our flagship Flight Centre leisure brand, we see real opportunities to boost international and domestic airfare sales in our shops by dispelling the myth that online fares are cheaper.

“To do this in Australia, we will continue to highlight our lowest airfare guarantee, which means Flight Centre consultants will beat genuine written quotes from other Australian-registered businesses, including online players, offers from airlines and competing travel agency groups.

“We will also highlight the fact that our agents can deliver better options to travellers by:

- Offering a full range of global airfares
- Creating money saving itineraries by mixing and matching fares on multiple airlines, including low cost and traditional carriers; and
- Helping customers understand differences between airfares, including stopover options, side trips and other bonuses that could be on offer

“In terms of the outlook for airfares, we believe prices will continue to rise moderately in the short to medium term, as airlines gradually move away from the unsustainable fares we saw last year.”

In addition to its ongoing business improvement initiatives, Mr Turner said FLT would focus on six key areas to improve performance and future shareholder returns.

These key areas included:

- Improving the return on FLT’s investment in India, Canada and the USA
- Ensuring the company’s One Best Way operating culture was in place in all brands and businesses
- Attracting and retaining more of the right leaders
- Procuring and retaining customers across the business
- Further development of the company’s global land and air product buying and distribution system; and
- Selection and incubation of emerging bricks and mortar and online businesses

He said the company continued to target a full year pre-tax profit between $160million and $180million, excluding any major abnormal items.

As part of its normal business procedures, FLT monitors its brands and assets for possible impairment. While no assets are currently impaired, the company and board continue to closely monitor the US retail business's current and forecast performance to ensure the associated goodwill balance is appropriate.

ENDS Media and investor enquiries to Haydn Long 0418 750454

FLT result presentation: FLT's result conference call for investors will be held at noon (QLD time) today.
Phone: 1800 098754. Conference ID: 58743745

Attachment E

Application Form Unsecured Notes

UNSECURED NOTE AGREEMENT

THIS AGREEMENT is made the day of 20

BETWEEN Flight Centre Limited (ACN 003 377 188) (hereinafter called the ***Company***) of Level 2, 545 Queen Street, Brisbane, Queensland.

AND the person referred to in Schedule 1 (hereinafter called the ***Unsecured Noteholder***).

Acquisition of Unsecured Note

1. The Unsecured Noteholder agrees to take and the Company agrees to issue an Unsecured Note to the Unsecured Noteholder in relation to the business referred to in Schedule 2 (the ***Business***) on the terms and conditions as herein set out and as set out in the Deed described in clause 11.

2. The face value of the Unsecured Note is to be as set out in Schedule 4.

3. The Unsecured Noteholder must be, at the date of this Agreement, either the manager (referred to in Schedule 3 and hereinafter called the ***Manager***) of the Business or any legal entity of which the Manager has effective control, nominated in writing by the Manager. A copy of such nomination must be given to the Company prior to execution of this Agreement. However, the Manager is not entitled to be issued an Unsecured Note other than in relation to the Business of which he is the Manager.

4. (a) Within 31 days after the date of this Agreement, the Unsecured Noteholder must pay to the Company an amount equal to the face value of the Unsecured Note set out in Schedule 4 in a manner acceptable to the Company (cash or cheque) as consideration for the acquisition of the Unsecured Note.

   (b) As soon as is practicable after receiving this amount, the Company shall provide the Unsecured Noteholder with a Certificate evidencing the Unsecured Noteholder's ownership of the Unsecured Note stating the face value applicable to the Unsecured Note for distributions during the term of this Agreement and upon termination of this Agreement.

   (c) If payment is not received by the Company within the required time, the Unsecured Noteholder will be deemed not to have been issued the Unsecured Note or any rights relating thereto, and this Agreement shall be voidable at the option of the Company.

Redemption of Unsecured Note

5. In addition to the circumstances referred to in Clause 10, the Unsecured Note shall be redeemed for its face value together with all other Moneys Owing in accordance with this

Agreement, which shall be paid by the Company to the Unsecured Noteholder within 30 days or as otherwise specified in this Agreement, upon:

(a) termination of the Manager's employment with the Company for any reason; or

(b) notice in writing from the Unsecured Noteholder requesting redemption or repayment of the Unsecured Note; or

(c) notice in writing from the Issuer advising that redemption or repayment of the Unsecured Note will occur on a certain date; or

(d) the 10^{th} anniversary of the date of issue of the Unsecured Note,

whichever occurs first.

<u>Interest Distribution on Unsecured Note</u>

6. (a) Subject to clause 6(c) below, the Unsecured Noteholder will be entitled to an interest distribution by reference to the Business in respect of the Unsecured Note held by the Unsecured Noteholder on the following basis:

(i) the percentage in Schedule 5 of the management profits, or profit improvement of the Business, after accounting for the liabilities of or within the Business, will be paid to the Unsecured Noteholder;

(ii) Schedule 6 sets out the period and circumstances in which an interest payment will be made where there is profit or profit improvement of the relevant Business where Schedule 6 applies;

(iii) For the avoidance of doubt, a profit improvement of the Business for a given period includes a reduced loss position, or a return to profit position, for that period. For the purposes of this clause 6(a), profit, or loss, for a period shall be determined as the management profit or loss for the relevant period, after accounting for the liabilities of or within the Business for that period. The accounting policies used in determining the management profit or loss will be determined by the Finance Director or Chief Financial Officer of the Company, but will be consistent with the policies used for all businesses in the Flight Centre Group. The Company will notify the Unsecured Noteholder of any major change in its accounting policies.

(b) For a Business to which Schedule 5 applies, the frequency of these interest payments will be no less frequently than quarterly, in arrears, so long as the Unsecured Note continues. No payments will be required in relation to the quarter in which the Unsecured Note is redeemed.

(c) For a Business to which Schedule 6, applies, details of how interest payments will be calculated and the frequency of such payments is set out in Schedule 6.

(d) Unless approved by the Issuer, the distribution payable in respect of any Unsecured Note from time to time will not exceed 35% of the face value of the Unsecured Note in any twelve month period commencing on the Amendment Date.

General

7. The Unsecured Noteholder shall not be entitled to voting rights, bonus shares, rights issues or any other rights enjoyed by shareholders of the Company.

8. The Unsecured Noteholder is prohibited from assigning, mortgaging or otherwise dealing in the Unsecured Note, without the consent of the Company.

9. (a) The Company may determine from time to time that further funds are required for the purposes of the Business.

   (b) In such a case, the amount of funds which will be required to be advanced by the Unsecured Noteholder will be obtained by multiplying the percentage set out in Schedule 5 by the total amount of capital required as determined by the Company. The Unsecured Noteholder may arrange for the relevant funds to be advanced by the Manager or a nominee of the Manager who would qualify as a holder of the Unsecured Note under clause 3 with the consent of the Company.

   (c) The advance of such further funds will be made by way of a further loan to the Company. If such moneys are not paid to the Company within one month of its request, the Unsecured Note will be redeemed as per clause 5 of this Agreement and any obligation to advance the further funds will be extinguished.

   (d) This further loan will not bear interest and is repayable, by the Company:

      (ii) when it determines that there is cash surplus to the needs of the Business within the Business; or

      (iii) by applying any amounts which would otherwise be payable as an interest distribution under clause 6 to repayment of the further loan before any further interest distributions are made so that the Unsecured Noteholder does not acquire any entitlement to such interest distributions but the period for the calculation of cumulative profitability is restarted as if an entitlement to an interest distribution had accrued.

   (e) Upon redemption of the Unsecured Note as per clause 5 of this Agreement, if such further loans have not been repaid in full, the Noteholder shall forgive any balance of the loans remaining owing by the Company.

   (f) Any such further loans shall not be taken to be made under the Deed referred to in clause 11 or to be Unsecured Notes for the purposes of that Deed.

10. The Company may at its discretion once the Manager is no longer the Manager of the Business:

   (a) require the Unsecured Noteholder to redeem all or part of any Unsecured Note it already holds relating to the Business in accordance with clause 5; or

   (b) amend the terms of this Agreement by substituting a new business in Schedule 2; or

   (c) when the Manager is managing another Company business, allow the Unsecured Noteholder to maintain all or part of the Unsecured Note in the Business under the following conditions:

      (i) up to 20% (or such higher percentage to a maximum 35% as may be approved by the board of the Company) of management profit, or profit improvement, of the Business may be paid out as interest distributions in relation to all Unsecured Notes attaching to that Business;

(ii) the Manager must not hold more than 3 Unsecured Notes at any time;

(iii) where a new manager of the Business is appointed, any existing Unsecured Noteholder with respect to that Business may then be required to redeem all or part of his Unsecured Note in accordance with Clause 5; and

(iv) where there is more than 1 Unsecured Noteholder in the Business, the order of redemption will be, first made in time will be first redeemed or repaid.

11. This Agreement and the Unsecured Note to which it relates are entered into and made respectively subject and pursuant to the Deed dated 12 December 1997 (as amended) between the Company and Permanent Nominees (Aust.) Limited and the provisions of that Deed are incorporated into this Agreement and shall be complied with by the Company and the Unsecured Noteholder. Any terms used in this Agreement which are defined in that Deed have the same meaning here and the terms of this Agreement are Special Conditions under that Deed.

12. Any moneys which are not paid by the Company when due under this Agreement or the Deed referred to in clause 11 shall bear interest at the rate which is 3% greater than the base lending rate offered by the Company's principal banker from time to time in respect of loans of $100,000 and over calculated on a daily basis and a year of 365 days from the date due until paid subject to the terms of that Deed.

13. The Manager of a business unit must notify the Company of any change in control of the legal entity which is registered as being the Unsecured Noteholder. In such a case the Company may require either:

(a) the Unsecured Note to be transferred to a legal entity of which the manager has effective control; or

(b) that the Manager resume effective control of the legal entity registered as being the Unsecured Noteholder,

within 14 days of being required to do so.

If the Manager does not comply with the Company's requirement, the Company may redeem the Unsecured Note immediately.

14. The Manager warrants to the Company that any nominated Unsecured Noteholder which is a non-natural person (for example, a company, family trust or superannuation fund trustee of the Manager):

- has not contracted with Flight Centre to provide the management services (such as by being "*independent contractor*") to a Flight Centre business in Queensland; and
- is not engaged in the business of holding or dealing in debt securities.

SCHEDULE 1.
The Unsecured Noteholder is ________________________________

SCHEDULE 2.
The Business is [Flight Centre] ***or*** [other] ________________________________

SCHEDULE 3.
The Manager is ________________________________

SCHEDULE 4.
The face value of the Unsecured Note is $ ________________________________

SCHEDULE 5.

[Specify if not applicable]

[Relevant details to be inserted here]

SCHEDULE 6.

[Specify if not applicable]

[Relevant details to be inserted here]

Execution by Applicant:

____

Signature of Applicant

or*

EXECUTED by)

Signature	Signature
Print name	Print name
Office held	Office held

*where Item B is completed

Execution by Company:

EXECUTED by **FLIGHT CENTRE LIMITED**

Signature	Signature
Print name	Print name
Office held	Office held