

Flight Centre Limited Concise Annual Report 2006



Our Vision

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

Our Brands



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Relationship of the concise financial report to the full financial report

The concise financial report is an extract from the full financial report for the year ended 30 June 2006. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report. The financial report is presented in the Australian currency.

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

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

Shareholder information

Auditor: PricewaterhouseCoopers
 Bankers: Westpac, National Australia Bank, Commonwealth Bank, Citibank
 Solicitors: Allens Arthur Robinson
 Share register: Computershare Investor Services Pty Ltd

Registered offices

Flight Centre Limited
 Level 13, 316 Adelaide Street
 Brisbane 4000

Key Dates 2006 / 2007

August 31: 2006 Full Year profit release
 September 22: Dividend record date
 October 13: Dividend payment date
 October 26: Annual General Meeting
 February 22: 2007 Half Year profit release
 March 9: Dividend record date
 March 30: Dividend payment date

Results in brief

	2006	2005 (IFRS adjusted)
Total transaction value (TTV)	\$7.8b	\$6.9b
Revenue	\$1.0b	\$899m
EBITDA	\$148.0m	\$140.0m
Net Profit before tax	\$120.0m	\$115.6m
Net Profit after tax	\$79.9m	\$76.9m
Earnings per share	84.6cents	81.4cents
Dividends per share	52.0cents	50.5cents

Chairman's Review

by Bruce Brown



ON behalf of our 8300 people worldwide, welcome to Flight Centre Limited's annual report for 2005/06.

The 12 months to June 30, 2006 was a challenging but significant period for our company as it continued its evolution from an Australian-centred leisure travel specialist into a diverse international network of leisure, corporate, wholesale and online sales channels.

In a constantly changing industry, this network delivered:

- Record sales, with annual revenue exceeding \$1billion for the first time and total transaction value approaching \$8billion
- Moderate profit growth for the year, a reasonable achievement after poor first and second quarters
- Increased earnings per share, with EPS increasing 4% to 84.6cents
- Steady returns to shareholders, with total dividends up 3% to 52 cents per share.

Credit must of course go to our people, who again performed magnificently.

Operational highlights

While the Australian leisure operation was again the company's largest profit generator and will continue as a key part of our business, other segments have started to narrow the gap.

Growth in corporate travel business through the FCm Travel Solutions network was significant during 2005/06 and was undoubtedly a highlight of the year.

Other highlights included:

- South Africa, where leisure and corporate profits both increased significantly, albeit from a relatively small base
- North America, with increased corporate travel profit in both Canada and the USA, Canada's leisure business returning to profit in the second half after three years of losses and slightly reduced USA leisure losses

- India, where returns from the company's 2005 acquisition exceeded expectations

- The reduction of some global costs that were significant in the previous two years

Strategically, the company made reasonable progress towards achieving the performance goals it outlined at the start of 2005/06. These goals related to expansion, online content and capabilities, margin maintenance and cost improvements.

Our challenge is to build on these solid foundations in 2006/07.

We continue to refine our business model to accommodate industry changes, both in Australia and overseas, and, as we continue our evolution, we will expand and develop our business in markets and sectors that we believe are important for our future and where we believe we can deliver value to our shareholders.

Thank you for your ongoing support of our company.

At the start of 2005/06, the company outlined a number of performance goals for the year. Its progress in achieving these goals is outlined below.

Stated Goal for 2005/06	Outcomes
Continued leisure, corporate and wholesale expansion, outside Australia and NZ	<ul style="list-style-type: none"> • 11% increase in selling staff globally led to 13% TTV growth • Expansion of FCm corporate network, after Bannockburn Travel (USA) acquisition and addition of new licensees
Better retail and online product Improved informational and transactional capabilities on the web	<ul style="list-style-type: none"> • Flight Centre Hotels added to flightcentre.com.au • Last minute range on quickbeds.com expanded to 28 days • Lonely Planet content added to Australia, NZ, USA and Canada websites • Booking engine introduced in North America
Margin maintenance - air and land contracting and preferred supplier strategies	<ul style="list-style-type: none"> • Smaller pool of preferred suppliers globally • Greater certainty negotiated in most air contracts, although lower margins in some cases
Cost improvements by reducing overheads, some aspects of marketing spend, structure and more effective procurement	<ul style="list-style-type: none"> • Leaner support structure - selling staff 78% of workforce at June 30 (75% in 2004/05) • Reduced head office overheads • RewardPass program disbanded

2006/07 Outlook

by Graham Turner



FLIGHT Centre Limited's fundamentals remain sound as the company continues to finetune its business models to accommodate significant industry changes such as airfare margins and supplier disintermediation facilitated by the internet.

Sales continue to grow, we maintain a very strong balance sheet and the company continues to develop and enhance a comprehensive sales network that already includes:

- Flight Centre, one of Australia's most valuable and successful retail brands
- FCm Travel Solutions, one of the world's fastest-growing corporate networks
- A stable of increasingly popular global travel websites such as flightcentre.com, fcmtravel.com and quickbeds.com plus Australian sites escapetravel.com.au, flightcentrehotels.com.au and studentflights.com.au

Building from these proven and sound foundations, Flight Centre Limited will again target double-digit TTV growth globally in 2006/07.

With its focus on cost reduction and overall business improvement, the company's goal is to bring profit growth closer into line with this TTV growth.

As outlined in our recent full year result announcement, our retail shop network will remain an important contributor to both our brand and our profit, but our growing diversity - of both brand and geography - is clearly one of our future strengths.

We are now more than just an Australian-based leisure travel specialist, as evidenced by our corporate travel growth and success overseas.

In just two years, we have expanded FCm's network to more than 50 countries (nine owned, 41 licensees) and secured both equity and strong local partnerships in the world's emerging new business economy known as BRIC - Brazil, Russia, India and China.

Given its strong growth, we anticipate FCm Travel Solutions will account for at least half of the company's overall profit within five years.

Flight Centre Limited has identified six key issues for the year. Strategies that are in place to address these issues and drive future growth are outlined below.

Issue	Key Strategies
Growth	Continued expansion in leisure, wholesale (Infinity Holidays) and corporate, mainly outside Australia Any acquisitions in both leisure and corporate likely to be small, profitable businesses with niche product or services
Gross Margins	Ongoing push for surcharges to be included in margin slowly gaining momentum - some carriers already fuel inclusive, others expected to follow suit Promotion of airline and land-based products that offer reasonable margin
Online	Further enhancements required to improve informational and transactional capabilities to leisure and corporate websites and technology platform
People	Focus on attracting and retaining the right people Career development programs in place, in-house university program and flexible workplace arrangements introduced - job-share, part-time and work-from-home opportunities
Costs	Ongoing cost reduction - cost increases inevitable in frontline businesses, so further head office overhead reductions necessary
Customer Experience	Specific and targeted customer initiatives underway, focusing on service, improving response times and in-store experience

International Review



Australia

- TTV: \$4.9b, up 10%
- Reasonable performance at shop level
- Poor back-end results - linked to growth in "zero margin" surcharges
- Shop of Future and franchising models launched in leisure business
- Good profit and sales growth in corporate travel
- Executive General Manager: Sue Garrett
- Business Units: 904



New Zealand

- TTV: \$657.7m, up 3%
- Disappointing results
- Margin pressure from home carrier
- Corporate travel profitability concern
- Turnaround opportunity in leisure travel
- Executive General Manager: Rick Hamilton
- Business Units: 179



UK

- TTV: \$961.8m, up 6%
- Disappointing profit growth
- Significant investment in leisure travel business - 17 new shops
- Targeting greater returns in both leisure and corporate sectors
- Executive General Manager: Chris Galanty (UK) and Alan Spence (FCm Travel Solutions UK)
- Business Units: 181



South Africa

- TTV: \$401.9m, up 10%
- Strong leisure and corporate travel results
- Good profit growth from relatively small base
- Executive General Manager: Dayle White
- Business Units: 133

Worldwide Top Performers

Wayne Ackerfeld
Top Retail Consultant



Melanie Waters-Ryan & Dayle White
Directors' Award



Allison Bourne
Top Ticket Centre Consultant



Joell Ogilvie
Hall of Fame





North America

- TTV: \$585.3m, up 22%
- Strong SME profit growth in FCm businesses in USA and Canada
- Canada home to most profitable FCm office and account manager worldwide
- Second half profit in Canada leisure
- Small reduction in US leisure losses
- Review of LA retail business strategy underway
- Good early signs from Chicago retail (three shops)
- Executive General Manager: Andrea Slingsby
- Business Units: 183



India

- TTV: \$282m, up 100%
- Strong results and growth
- Seeking productivity improvements in growth market
- Executive General Manager: Rahul Nath
- Locations: 13



China & Hong Kong

- TTV: \$54.1m, up 22%
- Sales growth and slight reduction in losses
- Aim to generate profits in both regions by 2008
- Executive General Manager: Suyin Lee
- Business Units: 29

Margaret Mulholland
Hall of Fame



Andrew Bliesner
Hall of Fame



Dean Horvath
Top Corporate Account Manager



David Chappell
Top Infinity Consultant



Operational Overview

Flight Centre Technology Pty Ltd

Technology is a core component of Flight Centre Limited's businesses throughout the world. Accessing the right information, sharing information and increasing work productivity are essential in reaching the company's growth and profit objectives.

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

During the past year, priorities included:

- Developing closer alignment between IT and the broader Flight Centre Limited business and
- Shifting IT's focus from execution to strategy and design

As a result, all IT resources now focus on predetermined "business priorities" to ensure priority projects are completed and implemented as efficiently as possible.

The focus on strategy and design means the company's architect team and technical subject matter experts select the most appropriate IT solutions, either off-the-shelf or developed in-house. This allows IT to deliver quicker and cheaper IT solutions through multiple internal and external channels of execution.

The implementation of ITIL industry best practice into the company's service and support areas has also created a more effective overall IT operation.

Project Services

Flight Centre Limited's Project Services team is closely aligned to the IT business and is charged with overseeing and implementing business improvement initiatives.

This dedicated team plays a key role in project delivery and ensures improvement initiatives systematically progress through each phase, from initially gathering business requirements to the final implementation stage.

By developing an improved project methodology, Project Services has helped ensure that business analysts and IT architects have closer working relationships with developers to ensure projects run to plan, to budget and give a return on investment.

Other benefits include:

- Clearer visibility on all project activities throughout the company
- Better allocation of resources for project and maintenance activities
- Improved communication of change and likely impacts on the company's shop network
- A more proactive working relationship with the broader business and a clearer understanding of the business's strategies for projects in the future.

Finance and Procurement

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

During 05/06, the company's finance teams continued to improve productivity via process and system improvements.

A streamlined payroll system was introduced in the form of a self service kiosk, an innovation that has reduced administrative requirements at store, area and nation level.

A tender was completed for transactional banking requirement in Australia and this new arrangement should ultimately deliver cost savings and better support for the company's expanding network.

The Australian-based Treasury team again generated solid returns in interest and investment income, while adhering to investment guidelines set by Flight Centre Limited's Board.



During 2005/06, the average yield on funds under management increased from 7.35% to 7.60%.

Flight Centre Limited improved its weighted average credit quality from an "A" to an "AA-/ A+" credit rating on its investment portfolio.

In the company's Procurement area, the vision is to deliver sustained competitive advantage by leveraging the business's aggregated spend and intelligence.

During 2005/06, a new procurement model was fully deployed in Australia and rolled out in South Africa, the United Kingdom and North America. The model will be launched in New Zealand this year.

In Australia, \$100m of spend is now under procurement management including key categories of telecommunications, print, publications, media, property, logistics and recruitment.

Reciprocation of business was another important aspect of the model and \$75million in supplier corporate travel spend was referred to FCm Travel Solutions for conversion during the year.

PeopleWorks

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

Businesses that operate in this important area include:

- Recruitment
- The Learning Centre
- The Leadership Centre
- Healthwise
- Moneywise
- The William James School of Business

During 2005/06, PeopleWorks conducted comprehensive research to identify the aspects of Flight Centre Limited life that were most important to staff. Following this research, the Our People program was launched to give the company's "people" initiatives greater visibility.

This program focuses on five key areas - career support, health and lifestyle balance, personal finance, reward and recognition and travel benefits - and ensures that staff members are aware of the facilities, support and opportunities available to them as they further their Flight Centre Limited careers.

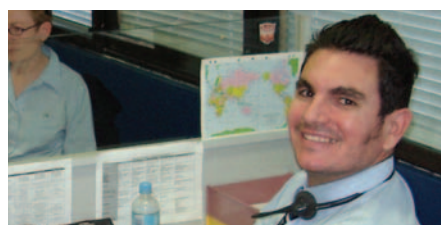
In addition to building on this program, a key PeopleWorks focus for the year ahead is to attract and retain the right people.

Through the Learning and Leadership centres, comprehensive career development programs are in place, while the William James School of Business allows the company's people to gain tertiary qualifications via an innovative in-house program.

The William James School of Business's first graduates obtained their qualifications in November 2005 and its students now include members of Flight Centre Limited's executive team, who are undertaking a senior leadership development program. Area leaders are also undertaking a leader development program to fast-track their progression.

Within Recruitment, flexible workplace arrangements have also been introduced, including job-share, part-time and work-from-home opportunities.

Moneywise and Healthwise, the company's in-house financial planning and health services, continue to prove popular. Healthwise now operates globally and provides a one-stop shop for people's health and wellness needs, thereby reducing the costly impact of illness and injury, in addition to organising major events such as the Flight Centre Cycle Epic, which is now Australasia's largest point-to-point mountain bike race.



Operational Overview

Marketing

Flight Centre Limited's brands are core assets and are consistently presented to customers in all advertising and marketing initiatives to improve brand recognition and awareness. This approach has helped make the flagship Flight Centre leisure brand one of Australia's most valuable names, with a brand value estimated at \$320million in 2004 (Source: Interbrand).

The company's marketing activities are geared towards developing the range of leisure and corporate brands to cater for specific niches in the ever-changing travel market. By carefully tailoring its marketing campaigns, the company ensures its leisure and corporate customers can organise their travel via the sales channel that best suits their needs.

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

Teams also helped develop new shop lay-outs, infrastructure and merchandising to improve the customer experience and to engage customers at the point of sale.

Other achievements included:

- Consistently strong traffic on the company's leisure websites, with flightcentre.com again being judged Australia's number one travel agency site by visits (Source: Hitwise)
- An upgrade in the Student Flights brand to enhance its recognition and appeal to its core market
- Development of relationships with various charity and community groups, including the Duke of Edinburgh Awards and SIDS in Australia
- Significant expansion of the company's Australian customer database, which now has more than 1million members
- The introduction of an After Sales tool to enhance post sale customer service
- Distribution of more than 44million travel newsletters and special alerts during the year, via the company's direct marketing teams

In corporate, expanding FCm Travel Solutions' customer base and cost effectively generating sales leads for the network's business development managers were priorities during 2005/06.

The corporate marketing team was also instrumental in:

- Revitalising the Stage and Screen brand
- Merging the Kistend and Campus Travel businesses to form the new KistendCampus brand
- Introducing a quarterly, branded Trans Tasman hard cover magazine and monthly e-zine for customers
- Launching concentrated direct marketing campaigns which delivered outstanding results

The company's marketing activities are geared towards developing the range of leisure and corporate brands to cater for specific niches in the ever-changing travel market.

Leisure Brands

Flight Centre

Flight Centre is the company's best-known travel business and is consistently recognised as one of Australia's most valuable brand names.

The brand's shop network continues to expand and now extends to Australia, New Zealand, the United Kingdom, Canada, the United States and South Africa.

Flight Centre consultants worldwide are experienced international travellers with strong service backgrounds. The consultants use this experience to provide expert advice and to arrange everything from flights, tours and accommodation to car hire and visas.

Flight Centre's branding and design are consistent worldwide to enhance brand awareness and recognition. This means customers immediately recognise the company's shops wherever they are in the world.

In 2005/06, Flight Centre developed and introduced its innovative Shop of the Future design. The new design is fresh and modern and showcases innovative marketing concepts and features designed to improve the customer experience.

The new shops will be both interactive and dynamic for customers and will highlight the full range of travel products the company's expert consultants offer.

flightcentre.com

The flightcentre.com website is the highest profile business in the company's stable of leisure online brands.

The site is a key component of Flight Centre Limited's multi channel distribution network and:

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

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

flightcentre.com has been judged Australia's number one travel agency site by visits (Source: Hitwise) for the past two years.

The Flight Centre shop of the future Endeavour Hills



Leisure Brands

Escape Travel

Escape Travel is the holiday specialist and caters for travellers looking for a world of affordable international and domestic holiday packages and value-for-money service.

The brand is currently the only Flight Centre Limited business that offers experienced travel agents - both within the company and externally - the opportunity to take on a franchise shop. Escape Travel's future growth will come through a combination of franchises and company-owned shops.

Shops are based in major shopping centres in high walk-past traffic locations and have a distinctive blue and red signage scheme, plus an interior design that makes customers feel as if their holidays have begun as they walk through the door.

The brand specialises in tailoring complete holiday packages. Incorporating its "low holiday prices" guarantee along with professional, friendly service, product range and customer loyalty, Escape Travel targets middle-market consumers.

escapetravel.com.au

escapetravel.com.au receives more than 210,000 visitors per month and consistently ranks among Australia's 10 most popular travel agency websites. The site hosts a range of more than 500 products online, as well as an online domestic flight and accommodation booking engine. Escape also has a dedicated cruise section on the website, which allows customers to search and enquire on more than 100 international cruises.

Student Flights

Student Flights satisfies the travel needs of the youth market - students, backpackers, young professionals and those travelling or working overseas - and specialises in cheap airfares and product, from independent travel through to organised tours.

Shops are located in High Street positions, near major universities and TAFE campuses, transport hubs and in high walk-past traffic locations where students typically gather.

Student Flights actively targets inbound tourists and its consultants provide a one-stop service covering everything from adventure travel and student airfares to budget accommodation, student travel discount cards and bus and rail passes.

The brand recently changed its marketing tagline and collateral from Cheap Travel for Students and Backpackers to Cheap Travel for Young People to encompass more of the market.

studentflights.com.au

studentflights.com.au has a strong affinity with its primary target market, the 18-24 age group, given the group's high propensity for internet usage against the general population. The website highlights latest campaign products, airfares for students and other travellers and various cheap trips and last minute deals, in addition to generating enquiry for the shops. The site attracts 190,000 unique visitors every month, a figure that is rapidly growing.

The respective Travel Associates stores

These boutique-style travel agencies are designed to cater for discerning customers who travel regularly in search of new experiences and the ultimate in luxury holidays.

Offices are located in fashionable or historical eatery and shopping locations in Brisbane, Sydney, Melbourne, Canberra, the Gold Coast and Toowoomba.

Because of their clients' discerning tastes, team leaders are experienced, knowledgeable and well travelled. Similarly, team members are qualified professionals with years of industry experience to call upon.

Future development relies upon a combination of the right market niches and the right people, so growth will be planned, gradual and profitable. New offices are planned for Sydney, Melbourne and the Sunshine Coast this year.

www.travel-associates.com.au



Complementary Brands

Overseas Working Holidays

Overseas Working Holidays (OWH) is a niche brand that specialises in the growing working holiday market.

From its offices in Australia and the UK, OWH offers a range of volunteer, general travel and paid employment opportunities in more than 80 countries, including its core Work in Canada, UK and Teach English Worldwide programs. OWH also wholesales various backpacker travel product to Flight Centre Limited, from Hop-on Hop-off bus passes in South Africa, Turkey and Canada to cheap tours in Eastern Europe and Egypt.

New programs introduced in the past year included:

- Work in Bermuda
- Volunteering in India
- Work in Ireland
- Work in Australia
- Work in New Zealand

This year, OWH will enhance its product range by introducing new Camp Counselor programs in the USA, UK and Russia and volunteer programs in Fiji, South America and Asia.

www.owh.com.au

Ticket Centre

Flight Centre Limited's in-house ticketer, Ticket Centre, is a key part of the organisation in every country and is now the largest business of its kind in Australia.

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

The business encompasses three important areas:

- Farepoint - providing airfare and ticketing advice to the company's sales people
- Ticketing - operations associated with physically issuing tickets
- Accounts - overseeing refund and billing issues

Ticket Centre has been earmarked for future improvement, with the gradual introduction of new technology that will enhance productivity and deliver a faster service to the company's shop network throughout the world.

Infinity Holidays

Wholesale brand Infinity Holidays supplies accommodation, tours, cruises and car hire to Flight Centre Limited's international shop network and is the company's largest supplier of land products.

The Infinity businesses globally delivered significant profit growth in 05/06, with performances from Australia and South Africa of significant note.

Enhancements implemented during 04/05 in Australia in particular have resulted in exceptional business growth during 05/06. The Australian product range and business, a start-up operation in 02/03, is now one of the company's strongest performers and a key contributor to Infinity's results. With this growth, many Australian accommodation providers now recognise Infinity as one of the fastest growing distribution channels for their products.

During 05/06, Infinity was also consolidated into a total land product area within Flight Centre Limited. This has helped the company capitalise fully on its strategy to increase land sales, both in-store and online, and provide customers with better product diversity.

This year, Infinity will continue to package and promote great value holidays to traditional and popular holiday destinations, such as the Gold Coast and Phuket, and to also offer interesting and innovative holiday options.



Corporate Brands

FCm Travel Solutions

FCm Travel Solutions is Flight Centre Limited's flagship corporate brand and the first Asia-Pacific based global corporate travel and expense management specialist.

The FCm Travel Solutions network extends throughout the three major corporate regions - Asia-Pacific, Europe-UK-Middle East and Africa (EMEA) and the Americas - and is growing rapidly through organic expansion, strategic acquisitions and licensing agreements with leading local companies in key international markets.

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

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

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

2005/2006, the network's second full year, was a period of substantial consolidation and growth, with the network extending to 50 countries by the end of the year.

Expansion highlights included:

- Immediate representation in the US Mid-West region and a strong footing for future US growth following Flight Centre Limited's acquisition of Chicago-based Bannockburn Travel Management in March 2006
- New licensing agreements with some of the most respected travel management companies across the Americas, Asia Pacific and Europe/Middle East/Africa
- An established foothold in the four emerging economics of Brazil, India, Russia and China
- Significant expansion and turnover growth in India, after Flight Centre Limited completed its acquisition of local travel leader Friends Globe Travels Limited in October 2005.

Differentiating its service with a more localised, flexible and intensely personal approach, FCm Travel Solutions continued to build on its success in the traditional SME market.

It also competed against the world's largest travel management companies to secure a number of major regional accounts. The group's accountability, dedicated teams and uniform service parameters across different markets were key drivers in many of the new business wins.

FCm Travel Solutions' global profile was also boosted through its sponsorship of the world's peak industry body, ACTE (Association of Corporate Travel Executives), providing valuable exposure at prominent industry forums around the world.

www.fcmtravel.com

CiEvents

2005/06 was a particularly challenging and exciting year for CiEvents - one of Australasia's leading corporate event and conference planning, production and project event management company.

Highlights included a Crystal IBM Award for a customer loyalty project, the successful launch of an all-new UK operation and the creation of more tangible business sections following valuable customer feedback.

These business sections include:

- **CiProduction:** established to better integrate strategic business communication expertise with theatrical know-how to serve clients in a wide range of fields, from product launches, special dinners, to press launches and award evenings
- **CiLoyalty:** a relationship marketing division to help businesses achieve their management and marketing objectives through performance improvement by way of customised incentive marketing, relationship marketing, reward and recognition and customer loyalty programs
- **FatFish Design:** innovation across all aspects of graphic design, internet development, video production and photography, from production through to final printed product.

CiEvents also has an active logistical team which involves itself in all budgeting requirements as well as the timely, on-site running of projects, including online registration, air travel arrangements and all ground arrangements both in Australia and overseas.

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

www.cievents.com.au



KistendCampus Travel

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

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

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

KistendCampus customers also benefit from the business's intensely personal service, attitude and approach on an immediate local level.

www.kistendcampus.com.au

Stage and Screen Travel Services

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

Stage and Screen operates in Brisbane, Sydney, Melbourne and Auckland and played a key role in a number of major events and productions during the past year, including Big Brother, Australian Idol and Dancing With The Stars.

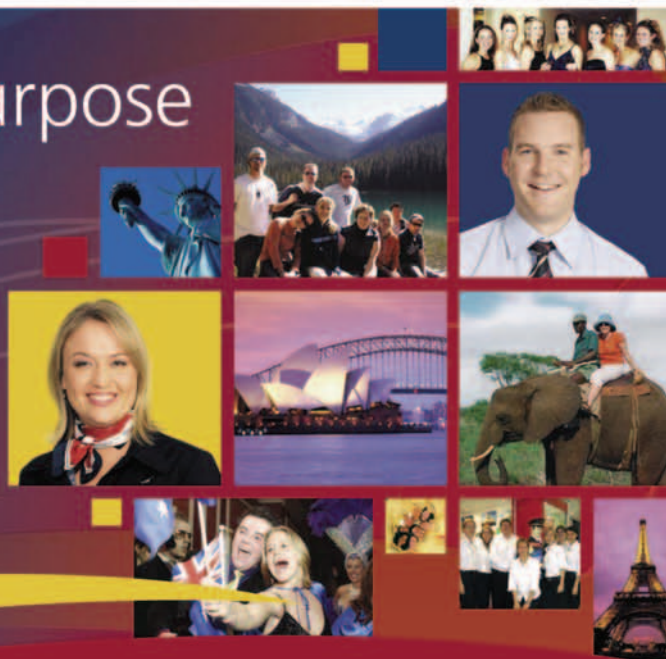
www.stageandscreen.com.au.

FCm Travel Solutions' key point of difference is its people and culture, as reflected in its positioning statement "Our People. Your Guarantee".



Company vision, purpose and philosophies

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



Our Vision

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

Our Purpose

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

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

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

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

Our Philosophies

1. OUR PEOPLE

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

2. OUR CUSTOMER

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

3. PROFIT

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

4. OWNERSHIP

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

5. INCENTIVES

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

6. BRIGHTNESS OF FUTURE

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

7. OUR STANDARD SYSTEMS – ONE BEST WAY

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

8. FAMILY, VILLAGE, TRIBE

Our structure is simple, lean, flat and transparent, with accessible leaders.

There is a maximum of 4 and sometimes 5 layers. The village is an unfunded, self-help support group that forms an integral part of our structure.

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

9. TAKING RESPONSIBILITY

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

10. EGALITARIANISM AND UNITY

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



Governance

1. Lay solid foundations for management and oversight

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

The Board's functions include:

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

All significant matters are dealt with by the full Board. To assist in its deliberations, the Board has established a number of committees that act primarily in a review or advisory capacity.

2. Structure the Board to add value

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

The managing director is a member of the Board but does not hold the position of chairman. The Board meets monthly and on an ad hoc basis to consider time critical matters.

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

Board Composition

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

Nominations Committee

Due to the small size of the Flight Centre Limited Board, the full Board is considered a more effective and appropriate mechanism to deliberate selection, appointment and performance matters.

Independence and Materiality

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

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

The Board believes the current non-executive directors qualify as independent.

3. Promote Ethical & Responsible Decision Making

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

Company Philosophies

The company philosophies are included in the annual report.

Political Contributions

Flight Centre Limited maintains a position of impartiality with respect to party politics and accordingly does not contribute any funds in this regard.

Trading Policy

The Board has established guidelines governing the purchase or sale of securities in the company by directors, employees and contractors who may be in possession of price sensitive information. The Board has resolved to confine any dealings in the company's shares to a period of 30 days following the public release of the company's financial results.

Notwithstanding, should new price sensitive information emerge during this period, directors, employees and contractors are not permitted to trade in the company's shares until the information has been publicly released.

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

4. Safeguard Integrity of Financial Reporting

Audit Committee

Audit Committee functions include:

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

Committee Composition

The Audit Committee includes three independent directors, Peter Barrow (committee chairman), Bruce Brown and Howard Stack, who report to the full Board and have extensive experience and expertise in accountancy, financial management, risk management, legal compliance and corporate finance. Details of the directors' qualifications and attendance are set out in the annual report.

The Board has reviewed the committee's membership and is satisfied that, given the size of Flight Centre Limited Board's, the committee has appropriate financial representation. The chairman of the Audit Committee is not chairman of the Board of directors.

Refer to www.flightcentre.com for Audit Committee charter.

Governance

Auditor Appointment

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

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

Certification of Financial Reports

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

5. Make Timely and Balanced Disclosure

As per ASX Listing Rules, Flight Centre Limited will immediately disclose to the public any information that a reasonable person will expect to have a material effect on the value of its shares.

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

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

All shareholders receive a copy of the company's annual and half yearly report, unless otherwise requested. The company is investigating opportunities for shareholders to participate using electronic means.

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

6. Respect Rights of Shareholders

Shareholder Communications

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

Auditor Communication

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

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

7. Recognise and Manage Risk

Flight Centre Limited complies with the laws applicable in Australia and in the jurisdictions in which it operates.

The company is developing an integrated business risk management and compliance framework. This will provide the Board and management with an ongoing program to identify, evaluate, monitor and manage significant risks to enhance over time the value of the shareholder's investments and to safeguard assets.

The Company Secretariat includes the Risk Management, Internal Audit, Legal and Mergers & Acquisitions divisions and oversees risk management and compliance matters. The global Internal Audit division is responsible for ensuring the adoption of prudent financial and non-financial risk management measures.

Audit and business reports are provided to the Board.

The managing director and chief financial officer have provided the Board with a formal sign off regarding the soundness of the risk management and internal controls.

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

Risk Profile

Factors representing general risks include:

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

Factors, which represent specific risks to Flight Centre, include:

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

Flight Centre and its Board continually assess emerging trends and associated risks and their possible outcome on future profits.

The company has a proven retail formula based on standardised systems and ongoing business growth.

Flight Centre Limited continues to enjoy strong relationships with its business partners and is continually developing its comprehensive leisure online operation to complement its shop growth and to better satisfy client needs.



This business model has been, and continues to be, successfully adapted in response to world events and industry changes.

Flight Centre Limited's brand and geographical diversity assists the company to achieve continuous growth.

Flight Centre Limited continues to enjoy strong relationships with its business partners and is continually developing its comprehensive leisure online operation to complement its shop growth and to better satisfy client needs.

Further IT initiatives and developments will enhance the company's "clicks and mortar" sales strategy and will allow it to create a comprehensive multi-channel distribution system.

Flight Centre Limited invests heavily in its people through training and empowerment.

8. Encourage enhanced performance

The Board evaluates its collective performance and considers various issues including; the quality of the Board's relationship with management, Board succession and complementary skill mixes, the Board's role, contribution and effectiveness.

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

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

- Reports from respective executive general managers on financial and, operational issues;

- Divisional reports from national leaders;
- Corporate governance reports; and
- Consolidated and divisional accounts

The Board requests additional information as required.

Board members are entitled to seek independent advice once notification has been made to the chairman.

The company secretary facilitates corporate governance and distributes agenda items and information papers. The company secretary is accountable to the Board through the chairman.

9. Remunerate Fairly and Responsibly

Flight Centre Limited's fundamental remuneration policy is to link performance and accountability with reward.

Remuneration details of the directors and the highest paid executives are outlined in the annual report.

The Board delegates responsibility for remuneration practises to the Remuneration Committee.

Remuneration Committee

The Remuneration Committee helps determine appropriate remuneration policies and consists of the Flight Centre Limited Board chairman, chief financial officer, company secretary and the HR manager. The Board believes that, given its size, the existing committee satisfactorily addresses this function. The Board considers a remuneration charter is not necessary at this stage.

Equity Issuance

Executive remuneration consists of a retainer, a performance-based incentive and possible equity participation through the Employee Share Plan or Option Plans. Equity-based remuneration is issued in

accordance with Corporations Act requirements.

Occasionally, the company's Board may elect to implement short-term option schemes to encourage improved performance. In 2005/06, an Executive Option Plan, linked to a desired full year outcome, was introduced after the first half. Options were available to the company's executive team, excluding Graham Turner. Cost effective and timely shareholder approval was unable to be sought in order for the option plan to achieve the desired results for the 2005/06 year.

Non-executive directors cannot participate in the Employee Share Plans or Option Plan and receive no additional retirement benefits other than the statutory requirements.

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

The Remuneration Committee's attendance details are outlined in the annual report.

10. Recognise Other Legitimate Interest of Stakeholders

Flight Centre Limited's company philosophies are endorsed by the Board and apply to all directors and employees. The philosophies require all company personnel to act with integrity and are supported by numerous policies relating to legal and ethical compliance.

The company's philosophies can be viewed in the annual report.

The company recognises its corporate social responsibility and has committed to fulfilling this obligation by contributing to several charitable initiatives.

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 year ended 30 June 2006.

Directors

The following persons were directors of Flight Centre Limited during the financial year and up to the date of this report:

G.F. Turner
P.F. Barrow
H.L. Stack
B.R. Brown (Appointed 20 December 2005)
S.J. Flynn (Resigned 1 September 2005)
G.L. Harris (Alternate for directors listed above)

Principal activities

The principal continuing activities during the year of the consolidated entity, constituted by Flight Centre Limited and the entities it controlled from time to time during the year, consisted of the selling of international and domestic travel. There were no significant changes in the nature of the activities of the consolidated entity during the year.

Dividends – Flight Centre Limited

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

	2006 \$'000	2005 \$'000
Final ordinary dividend for the year ended 30 June 2005 of 28 cents (2004 – 40.5 cents) per fully paid share paid on 14 October 2005, fully franked	26,497	38,085
Interim ordinary dividend for the year ended 30 June 2006 of 20 cents (2005 – 22.5 cents) per fully paid share paid on 24 March 2006, fully franked	18,894	21,565
Special dividend for the year ended 30 June 2004 of 40 cents per fully paid share paid 26 November 2004, fully franked	-	37,614
	45,391	97,264

In addition to the above dividends, since the end of the financial year the directors have recommended the payment of a final ordinary dividend of \$30,230,731 (32.0 cents per fully paid share) to be paid on 13 October 2006 out of retained profits at 30 June 2006.

Review of operations

A summary of consolidated results is set out below:

	2006 \$'000	2005 \$'000
Profit before income tax expense	120,002	115,591
Income tax expense	(40,092)	(38,732)
Profit for the year	79,910	76,859

A review of the company and its controlled entities and the results of those operations for the year are contained in the earlier sections of this Annual Report.

Earnings per share

	2006 Cents	2005 Cents
Basic earnings per share	84.6	81.4
Diluted earnings per share	84.5	81.4

Directors' Report (cont.)

Matters subsequent to the end of the financial year

On 21 August 2006 Flight Centre Limited entered a binding sale agreement for 316 Adelaide Street, Brisbane. Under the terms of this agreement, Flight Centre Limited will receive proceeds from the sale of \$35.5 million and recognise a gain on sale (before tax) of \$23.3 million. Under the terms of the agreement, Flight Centre will lease back approximately 70% of the building under commercial terms and conditions until 2013.

Other than this transaction, no other matter or circumstance has arisen since 30 June 2006 that has significantly affected, or may significantly affect:

- (a) the consolidated entity's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Further information on likely developments in the operations of the consolidated entity 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 regulation

The consolidated entity has assessed whether there are any particular or significant environmental regulations which apply to it and has determined that there are none.

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

Director	Experience	Special responsibilities	Ordinary Shares	Options
G.F. Turner BVSc Age: 57	Founding director of Flight Centre Limited with significant experience in running retail travel businesses in Australia, New Zealand, USA, UK, South Africa and Canada.	Executive chairman 28 July 2005 - 29 March 2006 Member remuneration committee	17,232,362	-
P.F. Barrow FCA, FAICD Age: 55	Director of Flight Centre Limited since 1995. Director of Oaks Hotels & Resorts Limited and Cluff Resources Pacific NL, senior partner of chartered accounting firm MBT. Over 25 years experience with retail travel companies.	Independent non executive director Appointed chairman of audit committee 28 July 2005	80,800	20,000
H.L. Stack BA, LLB Age: 61	Director of Flight Centre Limited since August, 1995. Chairman of Magnetica Limited, director of Abney Limited and Brisbane Grammar School Trustees, former director of Data 3 Limited and Voxson Ltd. Former partner of the legal firm, Allens Arthur Robinson.	Independent non executive director Appointed a member of the audit committee 28 July 2005	42,288	20,000
G.L. Harris Age: 55	Founding director of Flight Centre Limited. In excess of 25 years experience in retail travel. Ran his own successful retail travel business before merging it with Flight Centre in 1987. Director of Boost Juice.	Alternate	16,257,130	-
B.R. Brown BCom, AAUQ Age: 61 (Appointed 20 December 2005)	Director of Transpacific Industries Group Ltd and Campbell Brothers Limited. Previous managing director and chief executive officer of Campbell Brothers Limited from 1990 to 2005.	Appointed chairman 30 March 2006 Member of audit committee Member remuneration committee	5,000	-

Directors' Report (cont.)

Company secretary

The company secretary is Mr G. Pringle BA, LLB, MBA (UQ), PG Dip IR. Mr Pringle is also currently a director of the Travel Compensation Fund. Before joining Flight Centre Limited in 2002, Mr Pringle was a senior risk management advisor with PricewaterhouseCoopers, head of compliance of a large financial institution and former magistrate and barrister.

Meetings of directors

	Full meetings of directors		Meetings of committees			
	A	B	Audit		Remuneration	
	A	B	A	B	A	B
G.F. Turner	13	13	*	*	2	2
P.F. Barrow	13	13	6	6	*	*
H.L. Stack	12	13	4	6	*	*
G.L. Harris	5	13	*	*	*	*
B.R. Brown (Appointed 20 December 2005)	7	7	2	2	*	*
S.J. Flynn (Resigned 1 September 2005)	3	3	1	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

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

The objective of the consolidated entity'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 ensures opportunities for employees to invest in their own success. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders. 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

The company has structured an executive remuneration framework that is market competitive and complementary to the organisation's reward strategy.

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

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. 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. Directors are not eligible to participate in the Flight Centre Limited Employee Share Plan.

Directors' fees

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

Executive pay

The executive pay and reward framework has four components:

- base pay and benefits
- short-term performance incentives
- long-term incentives through participation in the Business Ownership Scheme (BOS) program, Flight Centre Limited Employee 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's philosophy of "what gets rewarded gets done", an executive's pay is heavily weighted towards short-term incentives.

Directors' Report (cont.)

Superannuation contributions

Executives receive the benefit of superannuation contributions 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 prescribed profit within their divisions. Annual profit targets are set by the remuneration committee 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 during each year to ensure that targets are aligned to group and company strategic goals and that appropriate compensation is achieved.

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 returns are not guaranteed by Flight Centre Limited or any of its group companies.

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 discretion of the Board, certain executives have been granted share options under the rules of the Flight Centre Limited Senior Executive Option Plan as established in March 2006. Options are not granted unless profit performance conditions are met. The maximum options available to each executive is limited to 20,000 for the 2006 and 2007 year.

Directors have not received any options during the year.

Executives are eligible to participate in the Flight Centre Limited 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 42 of the full financial report.

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 2006 are set out in the following tables.

The key management personnel of Flight Centre Limited include the directors as per page 22 and the following executive officers. The five highest paid executives of the consolidated and parent entities are:

Consolidated Entity		
A. Grigson	Executive General Manager	Corporate
S. Flynn	Chief Executive Officer	(Resigned 1 September 2005)
A. Slingsby	Executive General Manager	North America
D. White	Executive General Manager	South Africa
R. Hamilton	Nation Leader	South Africa
Parent Entity		
A. Grigson	Executive General Manager	Corporate
S. O'Brien	Chief Financial Officer	
D. Burns	Executive General Manager	FCm Travel Solutions Asia Pacific
S. Garrett	Executive General Manager	Leisure
S. Flynn	Chief Executive Officer	(Resigned 1 September 2005)
The other key management personnel of the Group are:		
G. Pringle	Company Secretary	
G. Hogan	Executive General Manager	IT
K. Stanley	Executive General Manager	Marketing
C. Galanty	Executive General Manager	UK
R. Nath	Executive General Manager	India
M. Aponas	Executive General Manager	Franchise and Compliance

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 2006, and key management personnel of the consolidated entity, are set out in the following tables.

Directors' Report (cont.)

Key management personnel of Flight Centre Limited (Incorporating consolidated and parent entities)

2006	Short-term benefits			Share-based payments	Post employment benefits			
Name	Cash salary and fees \$	Incentive \$	BOS Interest \$	Share-based payments \$	BOS Termination \$	Super-annuation \$	Termination Benefits \$	Total \$
Non-executive directors								
P.F. Barrow	90,000	-	-	-	-	8,100	-	98,100
H.L. Stack	77,000	-	-	-	-	6,930	-	83,930
B.R. Brown (Appointed 20 December 2005)	61,000	-	-	-	-	5,490	-	66,490
Sub total non-executive directors	228,000	-	-	-	-	20,520	-	248,520
Executive directors								
G.F. Turner Managing Director Chief Executive Officer (Appointed 1 September 2005)	-	-	-	-	-	-	-	-
S.J. Flynn Chief Executive Officer (Resigned 1 September 2005)	50,000	30,837	-	-	-	-	550,000	630,837
Sub total executive directors	50,000	30,837	-	-	-	-	550,000	630,837
Key management personnel								
M. Aponas Executive General Manager Franchise and Compliance	125,000	135,673	-	26,168	-	30,209	-	317,050
D. Burns Executive General Manager FCm Travel Solutions Asia Pacific	100,000	317,442	-	-	-	37,570	-	455,012
C. Galanty Executive General Manager UK	142,213	112,150	-	-	-	13,014	-	267,377
S. Garrett Executive General Manager Leisure	150,000	225,004	-	26,168	-	27,401	-	428,573
A. Grigson Executive General Manager Corporate	150,000	394,141	443,040	26,168	-	32,768	-	1,046,117
R. Hamilton Nation Leader South Africa	103,790	445,066	14,751	-	-	-	-	563,607
G. Hogan Executive General Manager Information Technology	125,000	125,977	-	26,168	-	28,198	-	305,343
R. Nath Executive General Manager India	120,256	4,570	-	-	-	7,211	-	132,037
S. O'Brien Chief Financial Officer	150,000	242,244	-	26,168	-	41,983	-	460,395
G. Pringle Company Secretary	137,615	150,000	-	26,168	-	26,589	-	340,372
A. Slingsby Executive General Manager North America	121,229	876,549	-	26,168	-	-	-	1,023,946
K. Stanley Executive General Manager Marketing	100,000	200,000	-	26,168	-	24,398	-	350,566
D. White Executive General Manager South Africa	103,790	392,054	126,157	26,168	-	-	-	648,169
Subtotal key management personnel	1,628,893	3,620,870	583,948	235,512	-	269,341	-	6,338,564
Totals for each component	1,906,893	3,651,707	583,948	235,512	-	289,861	550,000	7,217,921

Directors' Report (cont.)

2005	Short-term benefits			Share-based payments	Post employment benefits			
Name	Cash salary and fees \$	Incentive \$	BOS Interest \$	Share-based payments \$	BOS Termination \$	Super-annuation \$	Termination benefits \$	Total \$
Non-executive directors								
P.F. Barrow	90,000	-	-	-	-	-	-	90,000
H.L. Stack	80,000	-	-	-	-	7,200	-	87,200
N.C. Fussell (Retired 30 June 2005)	145,000	-	-	-	-	13,050	-	158,050
Sub total non-executive directors	315,000	-	-	-	-	20,250	-	335,250
Executive directors								
G.F. Turner Managing Director Chief Executive Officer (Appointed 1 September 2005)	70,692	-	-	-	-	7,200	-	77,892
S.J. Flynn Chief Executive Officer (Resigned 1 September 2005)	150,000	84,372	18,935	-	-	15,660	-	268,967
Sub total executive directors	220,692	84,372	18,935	-	-	22,860	-	346,859
Key management personnel								
M. Aponas Executive General Manager Franchise and Compliance	80,000	172,892	8,134	-	-	14,850	-	275,876
C. Galanty Executive General Manager UK	36,657	15,323	-	-	-	-	-	51,980
S. Garrett Executive General Manager Leisure	146,616	220,106	-	-	-	-	-	366,722
A. Grigson Executive General Manager Corporate	80,000	168,787	456,176	-	200,000	15,840	-	920,803
G. Hogan Executive General Manager Information Technology	59,769	159,858	311,226	-	-	9,699	-	540,552
G. Pringle Company Secretary	60,000	161,668	-	-	-	16,609	-	238,277
J. Sturgess Chief Financial Officer	118,333	298,803	9,590	-	300,000	27,151	-	753,877
A. Slingsby Executive General Manager North America	63,475	199,895	-	-	-	-	-	263,370
A. Spence Executive General Manager Britannic	371,396	83,694	-	-	-	36,600	-	491,690
K. Stanley Executive General Manager Marketing	80,000	151,479	11,126	-	-	17,214	-	259,819
D. White Executive General Manager South Africa	63,199	179,428	47,011	-	-	-	-	289,638
Subtotal key management personnel	1,159,445	1,811,933	843,263	-	500,000	137,963	-	4,452,604
Totals for each component	1,695,137	1,896,305	862,198	-	500,000	181,073	-	5,134,713

Directors' Report (cont.)

C. Service agreements (audited)

There are no fixed term service agreements with any director or key management personnel of the consolidated entity. Directors and key management personnel may terminate employment with the company in accordance with statutory notice periods. Termination benefits may become payable in accordance with any contractual arrangements.

D. Share-based compensation (audited) – Options

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

Challenging performance hurdles are set annually 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 of all unexercised options does not exceed 5% of the company's then issued capital.

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

Grant date	Expiry date	Exercise price	Value per option at grant date	Date exercisable
30 March 2006	30 March 2011	\$10.66	\$1.96	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.

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

When exercisable, each option is convertible into one ordinary share.

The exercise price of options is based on the weighted average price at which the company's shares are traded on the Australian Stock Exchange during the five trading days immediately before the options were granted.

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 Flight Centre Limited 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 42 of the full financial report.

Name	Number of options granted during the year	Number of options vested during the year
	2006	2006
Key management personnel of the group		
M. Aponas	40,000	-
S. Garrett	40,000	-
A. Grigson	40,000	-
G. Hogan	40,000	-
S. O'Brien	40,000	-
G. Pringle	40,000	-
A. Slingsby	40,000	-
K. Stanley	40,000	-
D. White	40,000	-

Directors' Report (cont.)

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 30 September 2006 and 30 September 2007 respectively.
- (b) exercise price: \$10.66
- (c) grant date: 30 March 2006
- (d) expiry date: 30 March 2011
- (e) share price at grant date: \$11.03
- (f) expected price volatility of the company's shares: 27.91%
- (g) expected dividend yield: 5.11%
- (h) risk free interest rate: 5.25%

Shares provided on exercise of remuneration options

No options have been exercised during the year for ordinary shares.

Name	Number of ordinary shares issued on exercise of options during the year	
	2006	2005
Directors of Flight Centre Limited		
P.F. Barrow	-	10,000
H.L. Stack	-	10,000
S.J. Flynn	-	20,000
Other key management personnel of the company		
K. Stanley	-	21,000
S. Garrett	-	5,000

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
25 September 2004	\$14.15
25 November 2004	\$14.15
19 August 2004	\$7.62
28 July 2004	\$7.62

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

Employee Share Plan

Under the Employee Share Plan, shares are now acquired on market by the Plan Trustee and allotted to the employee, rather than issued as new shares. Shares were allotted to executives M. Aponas and G. Pringle in 2005/06.

E. Additional information (unaudited)

Principles used to determine the nature and amount of remuneration: relationship between remuneration and company performance

The overall level of executive reward takes into account the performance of the consolidated entity over a number of years, with greater emphasis given to the current and prior year.

Directors' Report (cont.)

Details of remuneration: incentives and options

For each incentive and grant of options included in Section B above, percentage of available incentive and grant that was paid, or vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria set out in the table below. No part of the incentive is payable in future years. The options vest over two years, provided the vesting conditions are met. No options will vest if the conditions are not satisfied, hence the minimum value of the option yet to vest is nil.

Incentives			Options					
Name	Paid %	Forfeited %	Year granted	Vested %	Forfeited %	Financial years in which options may vest	Minimum total value of grant yet to vest \$	Maximum total value of grant yet to vest \$
M. Aponas	100	-	2006	-	-	2008	-	78,400
D. Burns	100	-	-	-	-	-	-	-
C. Galanty	100	-	-	-	-	-	-	-
S. Garrett	100	-	2006	-	-	2008	-	78,400
A. Grigson	100	-	2006	-	-	2008	-	78,400
R. Hamilton	100	-	-	-	-	-	-	-
G. Hogan	100	-	2006	-	-	2008	-	78,400
R. Nath	100	-	-	-	-	-	-	-
S. O'Brien	100	-	2006	-	-	2008	-	78,400
G. Pringle	100	-	2006	-	-	2008	-	78,400
A. Slingsby	100	-	2006	-	-	2008	-	78,400
K. Stanley	100	-	2006	-	-	2008	-	78,400
D. White	100	-	2006	-	-	2008	-	78,400

Name	A Remuneration consisting of options	B Value at grant date
	%	\$
M. Aponas	30.0	78,400
S. Garrett	19.5	78,400
A. Grigson	7.7	78,400
G. Hogan	28.1	78,400
S. O'Brien	18.1	78,400
G. Pringle	25.0	78,400
A. Slingsby	7.9	78,400
K. Stanley	24.2	78,400
D. White	12.6	78,400

A = The percentage of the value of remuneration consisting of options, based on the value expensed in accordance with AASB 2 Share-based Payment.

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.

Directors' Report (cont.)

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 2006 no loans were in place.

Shares under option

The following is a summary of the unissued ordinary shares of Flight Centre Limited under option at the date of this report:

Date options granted	Expiry date	Issue price of shares	Number under option
30 November 2001	30 November 2006	\$21.98	40,000
6 September 2002	6 September 2007	\$28.40	12,000
1 November 2002	1 November 2007	\$23.73	40,000
14 February 2003	14 February 2008	\$19.69	24,789
14 July 2003	14 July 2008	\$22.46	19,800
30 March 2006	30 March 2011	\$10.66	360,000
			496,589

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 and the company secretary. 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.

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

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 note 32 of the full financial report.

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 reasons:

- all non audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermines the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Auditor's independence declaration

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

Rounding of amounts

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

Auditor

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

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



G.F. Turner

Director

BRISBANE

13 September 2006

Consolidated Income Statement

Flight Centre Limited
Consolidated Income Statement
30 June 2006

		Consolidated	
	Notes	2006 \$'000	2005 \$'000
Revenue from continuing operations			
Revenue from the sale of travel services	4	973,711	871,108
Other revenue from ordinary activities	4	24,968	25,570
Total for Revenue from continuing operations		998,679	896,678
Other income		4,057	1,836
Expenses			
Selling expenses		(761,671)	(691,613)
Administration/support expenses		(105,457)	(75,348)
Finance costs		(15,143)	(15,648)
Share of loss of joint venture accounted for using the equity method		(463)	(314)
Profit before income tax expense		120,002	115,591
Income tax expense		(40,092)	(38,732)
Profit attributable to members of Flight Centre Limited		79,910	76,859
Earnings per share for profit from continuing operations, and earnings per share for profit attributable to the ordinary equity holders of the company:		Cents	Cents
Basic earnings per share		84.6	81.4
Diluted earnings per share		84.5	81.4

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

Consolidated Balance Sheet

Flight Centre Limited
Consolidated Balance Sheet
30 June 2006

	Consolidated	
	2006 \$'000	2005 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	274,188	239,604
Available for sale financial assets	204,831	-
Receivables	244,987	211,200
Other financial assets	-	192,738
Current tax receivables	5,596	-
Assets of disposal group classified as held for sale	12,179	-
Total current assets	741,781	643,542
Non current assets		
Property, plant and equipment	78,486	91,239
Intangible assets	196,086	165,671
Deferred tax assets	12,206	16,751
Other financial assets	-	-
Investments accounted for using the equity method	2,248	2,750
Total non current assets	289,026	276,411
Total assets	1,030,807	919,953
LIABILITIES		
Current liabilities		
Payables	499,824	460,653
Borrowings	43,662	37,793
Provisions	3,401	3,116
Current tax liabilities	2,533	3,144
Total current liabilities	549,420	504,706
Non current liabilities		
Payables	34,682	17,844
Borrowings	27,000	15,000
Deferred tax liabilities	378	1,025
Provisions	8,442	8,729
Total non current liabilities	70,502	42,598
Total liabilities	619,922	547,304
Net assets	410,885	372,649
EQUITY		
Contributed equity	260,715	260,602
Reserves	(7,769)	(11,373)
Retained profits	157,939	123,420
Total equity	410,885	372,649

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

Consolidated Statement of Changes in Equity

Flight Centre Limited
Consolidated Statement of Changes in Equity
30 June 2006

		Consolidated	
	Notes	2006 \$'000	2005 \$'000
Total equity at the beginning of the financial year		372,649	400,467
Adjustment on adoption of AASB 132 and AASB 139, net of tax, to reserves		(363)	-
Restated total equity at the beginning of the financial year		372,286	400,467
Changes in the fair value of available for sale financial assets, net of tax		547	-
Net exchange differences on translation of foreign operations		3,003	(11,430)
Net income recognised directly in equity		3,550	(11,430)
Profit for the year		79,910	76,859
Total recognised income and expense for the year		83,460	65,429
Transactions with equity holders in their capacity as equity holders:			
Dividends provided for or paid	5	(45,391)	(97,264)
Employee share options exercised		-	3,164
Employee share plan shares issued		-	682
Employee share options		416	57
Tax effect of previous share issues		114	114
		(44,861)	(93,247)
Total equity at the end of the financial year		410,885	372,649

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

Consolidated Cash Flow Statement

Flight Centre Limited
Consolidated Cash Flow Statement
30 June 2006

		Consolidated	
	Notes	2006 \$'000	2005 \$'000
Cash flows from operating activities			
Receipts from customers (including GST)		1,021,427	885,005
Payments to suppliers and employees (including GST)		(862,853)	(736,025)
		158,574	148,980
Interest received		24,078	24,891
Interest paid		(16,982)	(16,059)
Income taxes paid		(42,696)	(40,216)
Net cash (outflow) inflow from operating activities		122,974	117,596
Cash flows from investing activities			
Payment for purchase of businesses, net of cash acquired		(18,965)	(22,727)
Payments for property, plant and equipment		(22,827)	(31,840)
Payments for intangibles		(13,228)	(19,425)
Payments for investments		(75,002)	(44,941)
Proceeds from sale of investments		63,171	94,427
Proceeds from sale of property, plant and equipment		4,354	1,536
Net cash (outflow) inflow from investing activities		(62,497)	(22,970)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		-	3,846
Proceeds from borrowings		12,000	53,558
Repayment of borrowings		(5,600)	(57,552)
Dividends paid to the company's shareholders	5	(45,391)	(97,264)
Repayment of lease liabilities		-	(21)
Net cash inflow (outflow) from financing activities		(38,991)	(97,433)
Net increase (decrease) in cash held		21,486	(2,807)
Cash and cash equivalents at the beginning of the financial year		238,728	240,296
Effects of exchange rate changes on cash and cash equivalents		1,629	1,239
Cash and cash equivalents at end of year		261,843	238,728

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

Notes to and Forming Part of the Financial Statements

This concise financial report relates to the consolidated entity consisting of Flight Centre Limited and the entities it controlled at the end of, or during, the year ended 30 June 2006. The accounting policies adopted have been consistently applied to all years presented, unless otherwise stated in note 1 below.

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 financial reports. Amounts in the concise financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars.

1. Explanation of transition to Australian equivalents to IFRS

The full financial report on which this concise financial report is based is the first annual Flight Centre Limited financial report to be prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS). AASB 1 First time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing the full financial report.

Financial statements of Flight Centre Limited until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing Flight Centre Limited's 2006 financial statements, management has amended certain accounting, valuation and consolidation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures in respect of 2005 were restated to reflect these adjustments. The group has taken the exemption available under AASB 1 to only apply AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement from 1 July 2005.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRS on the group's equity and its net income are given in note 43 of the full financial report. A summary of this information is provided below.

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS)

	Consolidated	
	1 July 2004 \$'000	30 June 2005 \$'000
Total equity (AGAAP)	424,235	387,409
Derecognition of revalued software licences	(16,181)	(14,138)
Adjustment to fair value of business combination	-	(445)
Provision for decommissioning costs	(1,957)	(2,163)
Impairment of assets under AASB 136	(3,577)	(5,238)
Amortisation of goodwill	-	9,888
Derecognition of research costs	(5,398)	(5,700)
Correction of reporting under AGAAP	(4,070)	(4,692)
Tax effect of adjustments	8,250	8,563
Rent Free Period	(835)	(835)
Total equity (AIFRS)	400,467	372,649

The above reconciliation includes the effect of the correction of an error made under previous AGAAP. This is not an effect of transition to AIFRS. For further information refer to note 43 in the full financial report.

Notes to and Forming Part of the Financial Statements (cont.)

1. Explanation of transition to Australian equivalents to IFRS cont.

(2) Reconciliation of profit for the year ended 30 June 2005

	Consolidated
	30 June 2005 \$'000
Profit from ordinary activities before related income tax expense (AGAAP)	106,954
Adjustment of fair value of previous business combination	(445)
Provision for decommissioning costs	(206)
Impairment under AASB 136	(1,928)
Employee Share Plan costs under AASB 2	(57)
Amortisation of goodwill	9,888
Derecognition of research costs	(1,217)
Amortisation of derecognised assets	3,223
Correction of error under AGAAP	(621)
Profit from ordinary activities before related income tax expense (AIFRS)	115,591

(3) Reconciliation of cash flow statement for the year ended 30 June 2005

The adoption of AIFRS has not resulted in any material adjustments to the cash flow statement.

2. Revision of estimates in preparation of financial report

The company's accounting policy for volume-based incentive payments is to recognise revenue at the time of ticketing. In previous reporting periods, a component of this revenue could not be reliably estimated at the time of ticketing and was, therefore, not recognised until the subsequent accounting period when the revenue could be determined with certainty.

During the year, the company has implemented a new reporting tool which enables a reliable estimate of that component of the volume-based incentive to be made at the time of ticketing. This has resulted in a one-off increase to both revenue and pre tax profit of \$4,750,000 (\$3,325,000 after tax) in the current period. There is no material impact of this change in future reporting periods.

3. Segment information

(a) Description of segments

Business segments

Flight Centre Limited and its controlled entities operate predominantly in one business section - the sale of travel and travel related services and products.

Notes to and Forming Part of the Financial Statements (cont.)

3. Segment information cont.

2006

	Australia \$'000	New Zealand \$'000	United Kingdom \$'000	Other \$'000	Inter-segment eliminations/ unallocated \$'000	Total \$'000
Total Transaction Value	4,884,942	657,733	961,746	1,323,475	(18,633)	7,809,263
Sales to external customers	609,344	84,148	127,145	153,959	-	974,596
Inter segment sales (note (ii))	26,338	711	3,486	2,618	(33,153)	-
Total sales revenue	635,682	84,859	130,631	156,577	(33,153)	974,596
Unallocated revenue						28,140
Total segment revenue						1,002,736
Segment results pre Royalties	72,834	9,003	14,511	12,234	(851)	107,731
Royalties	12,173	(5,675)	-	(6,471)	(27)	-
Segment Results	85,007	3,328	14,511	5,763	(878)	107,731
Unallocated revenue less unallocated expenses						12,271
Profit from ordinary activities before income tax						120,002
Income tax expense						(40,092)
Net Profit						79,910
Segment assets	582,199	78,677	222,391	159,408	19,999	1,062,674
Unallocated assets						(31,867)
Total assets						1,030,807
Segment liabilities	286,457	52,224	117,848	83,736	7,482	547,747
Unallocated liabilities						72,175
Total liabilities						619,922
Acquisitions of property, plant and equipment, intangibles and other non current segment assets	13,925	2,344	4,457	15,575	-	36,301
Depreciation and amortisation expense	20,362	2,772	3,571	7,081	2,700	36,486
Other non cash expenses	7,309	1,417	1,712	1,446	(778)	11,106

2005

Total Transaction Value	4,439,515	638,515	909,222	889,838	(4,471)	6,872,619
Sales to external customers	551,012	90,297	122,174	106,767	-	870,250
Inter segment sales (note (ii))	11,982	402	669	323	(13,376)	-
Total sales revenue	562,994	90,699	122,843	107,090	(13,376)	870,250
Unallocated revenue						28,264
Total segment revenue						898,514
Segment results pre Royalties	98,824	11,408	16,039	(499)	(21,878)	103,894
Royalties	8,660	(5,716)	-	(2,664)	(280)	-
Segment results	107,484	5,692	16,039	(3,163)	(22,158)	103,894
Unallocated revenue less unallocated expenses						11,697
Profit from ordinary activities before income tax						115,591
Income tax expense						(38,732)
Net Profit						76,859
Segment assets	535,131	87,887	204,821	73,127	18,395	919,361
Unallocated assets						592
Total assets						919,953
Segment liabilities	258,772	60,030	103,496	34,738	(1,806)	455,230
Unallocated liabilities						92,074
Total liabilities						547,304
Acquisitions of property, plant and equipment, intangibles and other non current segment assets	37,867	4,575	2,929	5,660	-	51,031
Depreciation and amortisation expense	9,191	4,246	8,010	5,555	6,247	33,249
Other non cash expenses	2,244	825	754	966	478	5,267

Notes to and Forming Part of the Financial Statements (cont.)

3. Segment information cont.

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

(i) Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, property, plant and equipment and goodwill and other intangible assets, net of related provisions. 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.

4. Revenue

	Consolidated	
	2006 \$'000	2005 \$'000
Total Transaction Value (TTV)	7,809,263	6,872,619
Revenue from the sale of travel services		
Commission and fees from the provision of travel	727,370	638,213
Revenue from the provision of travel	230,460	211,428
Other revenue	15,881	21,467
	973,711	871,108
Other revenue		
Rents and sub lease rentals	890	679
Interest	24,078	24,891
	24,968	25,570

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.

5. Dividends

	2006 \$'000	2005 \$'000
(a) Ordinary shares		
Final ordinary dividend for the year ended 30 June 2005 of 28 cents (2004: 40.5 cents) per fully paid share, paid on 14 October 2005, fully franked	26,497	38,085
Special dividend for the year ended 30 June 2004 of 40 cents per fully paid share, paid on 26 November 2004, fully franked	-	37,614
Interim ordinary dividend for the year ended 30 June 2006 of 20 cents (2005: 22.5 cents) per fully paid share, paid on 24 March 2006, fully franked	18,894	21,565
Total dividends provided for or paid	45,391	97,264

(b) Dividends not recognised at year end

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 32.0 cents per fully paid ordinary share, (2005 28 cents) fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 13 October 2006 out of retained profits at 30 June 2006, but not recognised as a liability at year end is

30,231	26,497
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Notes to and Forming Part of the Financial Statements (cont.)

6. Events occurring after the balance sheet date

On 21 August 2006 Flight Centre Limited entered a binding sale agreement for 316 Adelaide Street, Brisbane. Under the terms of this agreement, Flight Centre Limited will receive proceeds from the sale of \$35.5 million and recognise a gain on sale (before tax) of \$23.3 million. Under the terms of the agreement, Flight Centre will lease back approximately 70% of the building under commercial terms and conditions until 2013.

At the date of this report there is no other matter or circumstance which has arisen since 30 June 2006 that has significantly affected or may significantly affect:

- (a) the consolidated entity's operations in future years; or
- (b) the results of those operations in future years; or
- (c) the consolidated entity's state of affairs, in future financial years.

Directors' Declaration

The directors declare that in their opinions, the concise financial report of the consolidated entity for the year ended 30 June 2006 as set out on pages 30 – 38 complies with Accounting Standard AASB 1039: Concise Financial Reports.

The concise financial report is an extract from the full financial report for the year ended 30 June 2006. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report, which is available on request.

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



G.F. Turner

Director

BRISBANE

13 September 2006



Independent audit report to the members of Flight Centre Limited

Matters relating to the electronic presentation of the audited financial report

This audit report relates to the concise financial report of Flight Centre Limited (the Company) for the financial year ended 30 June 2006 included on Flight Centre Limited's web site. The Company's directors are responsible for the integrity of the Flight Centre Limited web site. We have not been engaged to report on the integrity of this web site. The audit report refers only to the concise financial report identified below. It does not provide an opinion on any other information which may have been hyperlinked to/from the concise financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited concise financial report to confirm the information included in the audited concise financial report presented on this web site.

Audit opinion

In our opinion, the concise financial report of Flight Centre Limited for the year ended 30 June 2006 complies with Australian Accounting Standards AASB 1039 Concise Financial Reports.

This opinion must be read in conjunction with our audit report.

Scope

The concise financial report and directors' responsibility

The concise financial report comprises the consolidated balance sheet, consolidated income statement, consolidated cash flow statement, consolidated statement of changes in equity, notes to the financial statements, and the directors' declaration for Flight Centre Limited (the company) for the year ended 30 June 2006.

The directors of the company are responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standards AASB 1039 Concise Financial Reports.

Audit approach

We conducted an independent audit of the concise financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the concise financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing and the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

We also performed an independent audit of the full financial report of the company for the financial year ended 30 June 2006. Our audit report on the full financial report was signed on 13 September 2006, and was not subject to any qualification.

In conducting our audit of the concise annual report, we performed procedures to assess whether in all material respects the concise financial report is presented fairly in accordance with the Australian Accounting Standards AASB 1039 Concise Financial Reports.

We formed our audit opinion on the basis of these procedures, which included:

- testing that the information included in the concise financial report is consistent with the information in the full financial report, and
- examining, on a test basis, information to provide evidence supporting the amounts and other disclosures in the concise annual report which were not directly derived from the full 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.

Independence

The independence declaration, dated 13 September 2006, included in the Annual Report would be the same if it had been made on the date of this audit report. In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

PricewaterhouseCoopers

R J Roach
Partner

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