



**APPENDIX 4D**

**FLIGHT CENTRE LIMITED (FLT)**  
ABN 25 003 377 188

**FINANCIAL REPORT**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

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## Results for announcement to the market

### Results in brief

	Dec 2012 \$m	Dec 2011 \$m	Change \$m	Change %
Total transaction value (TTV) <sup>1</sup>	6,592.5	6,180.7	411.8	6.7%
Revenue <sup>2</sup>	1,019.5	954.1	65.4	6.9%
Gross profit	915.4	857.5	57.9	6.8%
Net profit before tax	129.5	119.7	9.8	8.2%
Net profit after tax	91.8	81.6	10.2	12.5%

1. TTV is un-audited, non-IFRS financial information and does not represent revenue in accordance with Australian Accounting Standards. TTV represents the price at which travel products and services have been sold across the group's various operations, as agent for various airlines and other service providers, plus revenue from other sources. Flight Centre's revenue is, therefore, derived from TTV.
2. Revenue from the sale of travel services is recorded at the time of issuing travel documents, consistent with an agency relationship. A portion of the United Kingdom (UK) business recognises revenue on an availed basis under a principal relationship, due to the different rules and regulations governing Flight Centre's operations in the UK. The revenue from the sale of travel services and the cost of travel services is disclosed separately for all principal relationships. The treatment in the UK has no influence on the overall group's operations as an agent.

### Dividends

	Amount per Security Cents	100% Franked Amount Cents
<b>31 December 2012</b>		
Interim dividend <sup>3</sup>	46.0	46.0
<b>30 June 2012</b>		
Interim dividend	41.0	41.0
Final dividend <sup>4</sup>	71.0	71.0

3. The record date for determining entitlements to the interim dividend of 46.0 cents per share is 28 March 2013. The payment date for the interim dividend is 19 April 2013.
4. Final dividend of 71 cents per share for the year ended 30 June 2012 was declared 28 August 2012.

### Net tangible assets

	Dec 2012 \$	Dec 2011 \$
Net tangible asset backing per ordinary security	5.33	4.23

The report is based on accounts which have been reviewed by the auditor of Flight Centre Limited. There have been no matters of disagreement and a report of its review appears in the half-year financial report.

Signed:



G.F. Turner  
Director  
26 February 2013

## Directors' report

Your directors present their report on the consolidated entity consisting of Flight Centre Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2012.

### Directors

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

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

J. Eales was appointed a director on 13 September 2012 and continues in office at the date of this report.

### Review of operations and results

#### *Result overview*

Flight Centre Limited (FLT) has continued its run of record results, with new sales and profit milestones established during the first half of 2012/13.

In challenging global trading conditions, FLT increased both TTV and gross profit by 7%, to \$6.6billion and \$915.4million respectively, during the six months to December 31 2012.

The company recorded a \$129.5million profit before tax (PBT), an 8% increase on the \$119.7million PBT achieved during the corresponding period in 2011/12.

If maintained for the full year, FLT's first half growth rate would deliver a \$314million PBT, a result near the top of the company's targeted range (\$305million-\$315million) for 2012/13.

First half earnings before interest and tax (EBIT) increased 10.8% to \$124.8million, while net profit after tax (NPAT) grew 13% to \$91.8million.

Income margin, gross profit as a percentage of TTV, was in line with 2011/12 at 13.9%, while net margin increased to 2%.

FLT's solid first half growth highlights its diversity and the strength and resilience of the company's business model.

Nine of FLT's 10 countries and regions were profitable, with four contributing record EBIT.

Sales increased in both the leisure and corporate travel sectors, despite volatile economic conditions in some countries.

First half results were also affected by a \$2.1million decline in interest income, a reflection of reduced official cash rates in Australia, and costs incurred in defending the competition law test case the ACCC initiated against FLT. The case was heard in October 2012 and an outcome is expected later this calendar year.

FLT continued to invest in its foundations by increasing spend on key projects, including Blended Travel and Travel Shopping of the Future, and expanding its sales force.

Shop and sales staff numbers both increased about 5% during the past year, with FLT on track to open its 2500th outlet during the fourth quarter.

FLT's global cash and investment portfolio reached \$828.5million at December 31.

Within this portfolio, company cash increased slightly year-on-year to \$319.5million, a strong result given that general funds were used to repay a \$USD60million loan in December 2012.

Repayment of the US loan, which related to the 2008 Liberty Travel acquisition, saw debt decrease to \$46.6million, which gave FLT a \$272.9million positive net debt position.

A \$110.8million operating cash outflow was recorded during the company's seasonally weaker first half, as FLT paid suppliers for peak season travel that was booked during the second half of last financial year.

This movement was in line with expectations and lower than average first half outflow (\$120million) since FLT's direct contracting wholesale model was introduced in 2008.

A large second half inflow is expected and is already being experienced, as client cash again accumulates during the year's peak booking periods.

FLT's directors today declared a fully franked \$0.46 per share interim dividend.

This dividend is 12.2% higher than the 2011/12 interim dividend (\$0.41 per share) and will be paid on April 19, 2013 to shareholders on FLT's register on March 28, 2013.

More than \$46million – 50.2% of NPAT – will be returned to shareholders via this interim dividend, taking total dividend returns to almost \$900million since FLT listed in late 1995.

### **Operational review**

FLT's achievements in its key business segments are outlined below:

- In Australia, TTV increased 9% and solid EBIT growth was recorded in a market that some local travel companies have described as "flat"
- In the UK, EBIT increased 17% to \$12.3million, with the business consolidating its position as FLT's main profit driver outside Australia
- In the USA, first half losses increased to \$5.7million (EBIT). Timing factors accounted for most of the year-on-year movement, with the business regaining ground in January and tracking close to the prior year after seven months; and
- In the rest of the world, EBIT more than doubled in both New Zealand and Singapore, Greater China recorded strong growth and South Africa, Dubai and Canada were profitable but down compared to the prior year. India was ahead of expectations and profitable, reversing the second half trend of last year

FLT has expanded its corporate travel presence rapidly in recent years as part of a global strategy to accelerate growth in the sector.

As a result, corporate turnover has now doubled over the past three years.

In addition to generating record sales via its global shop and corporate travel network, FLT continued to grow online.

The flightcentre.com.au website recorded 23% sales growth during the first half and is on track to deliver EBIT in the order of \$5million this year.

flightcentre.com.au has been upgraded as part of the plan to develop a unique blended travel model and now offers a full range of FLT's published domestic and international fares.

When fully implemented, the blended model will allow customers to interact with FLT and its consultants in any channel at any time with the full product range available worldwide.

Already, a number of key milestones have been achieved including:

1. Concept development: FLT created and refined its blended model after looking at and meeting overseas retailers that had successfully coupled their on and offline offerings. This month, the company's executives met with Google in the USA
2. Delivering instant gratification: Sales channels were enhanced to allow customers to interact and transact with FLT when and how they wanted to – online or offline; and
3. Promotion: The Search Compare Book campaign was relaunched to highlight the broader range of airfares that were available online. A Call Click Visit campaign was also launched to highlight FLT's broader multi-channel offering

Further expansion will take place in the future.

Elsewhere in the business, the Pedal Group cycle joint venture generated \$19.4million in sales, a 27.4% increase, and posted its inaugural PBT (\$120,000). The business, which includes wholesaler Advance Traders Australia (ATA) and retailer 99 Bikes, generated \$620,000 in EBIT.

Other first half achievements included:

- FLT's addition to the MSCI and S&P/ASX 100 indices, following strong share price growth which saw the company's shares reach record highs this month
- Further success in industry awards, highlighted by FLT winning retail, wholesale and corporate titles at Australia's National Travel Industry Awards and FCm being judged the world's best travel management company for the second successive year
- Enhanced FCm customer offerings, which will see FCm Locate, a customer tracking tool, and FCm Mobile launched during the second half; and
- Strong sales growth from FLT's small network of leisure agencies in Asia and the Middle East, with leisure TTV doubling in the region

### ***Strategic update***

FLT has initiated a five-year plan that will serve as its strategic blueprint through to 2017.

The strategies that are in place focus on:

1. Improving retail efficiency through the Travel Shopping of the Future program and other key initiatives
2. The company's area structure – thinking small to grow big
3. Accelerating corporate travel growth
4. Developing unique product for customers
5. Enquiry management
6. The customer; and
7. FLT's emerging businesses

Progress has been made in all areas, as outlined in greater detail in FLT's half year result presentation and market announcement.

The Travel Shopping of the Future Program is at the heart of FLT's retail transformation efforts and is aligned with the creation of a unique blended travel model.

The program is built around five key objectives that focus on increasing the number of customer files each consultant closes, the dollar value per file and land sales.

The objectives are to:

1. Provide an exciting, inspiring and engaging in-store experience for customers, making FLT's next generation shops locations that meld the physical and digital worlds
2. Provide a work environment that enhances and emphasises the value agents add
3. Reduce the process time it takes consultants to complete in-store transactions
4. Create an experiential online/digital experience that can seamlessly integrate into the shop environment; and
5. Understand, unlock and mitigate barriers to buying the whole travel product from FLT

Initiatives that are expected to be delivered this year included enhanced, content-rich quotes and itineraries built out of the company's new product database.

### ***Outlook - 2012/13***

After tracking at the top end of its guidance range at the end of the first half, FLT recorded strong trading results in January.

As a result, the company expects to be in the order of 10% up on the corresponding period last year by the end of this month.

With its key trading months to come, FLT will continue to target a PBT between \$305million and \$315million for the full year.

The company sees growth opportunities in all markets, but Australia, the UK and the USA to remain its key growth drivers for the foreseeable future.

In terms of capital management, FLT will consider retiring some of its remaining debt during the second half, as announced previously. Specifically, the company could retire about \$30million in overdrafts and loans (related to the Asia and Middle East corporate businesses) to lower overall interest expense.

FLT will also consider strategic acquisition opportunities and, from time to time, may use general funds to fund small acquisitions. The company's major focus will, however, continue to be on organic growth in its existing brands and markets.

Subject to the business's needs, FLT's directors intend to maintain the current dividend policy of returning 50-60% of NPAT to shareholders.

### **Dividends - Flight Centre Limited**

FLT's directors today declared a 46.0 cents per share fully franked interim dividend payable on 19 April 2013 to shareholders registered on 28 March 2013. This represents a 50% return of after-tax profit to shareholders, in line with FLT's current policy of returning 50-60% of after-tax profit, subject to the business's needs. The interim dividend paid for the half-year ended 31 December 2011 was 41.0 cents per share.

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

### **Matters subsequent to the end of the financial year**

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

### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

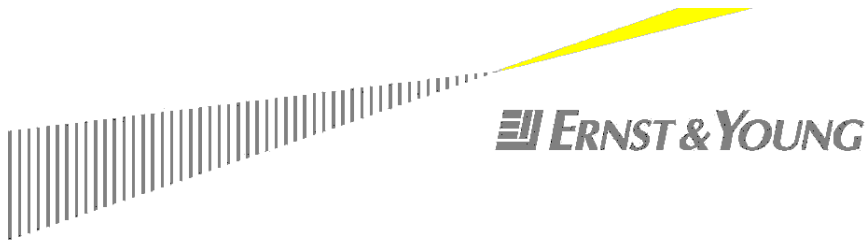
### **Rounding of amounts**

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

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



G.F. Turner  
Director  
26 February 2013



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## Auditor's Independence Declaration to the Directors of Flight Centre Limited

In relation to our review of the financial report of Flight Centre Limited for the half-year ended 31 December 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in cursive script that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Alison de Groot'.

Alison de Groot  
Partner  
26 February 2013



**Flight Centre Limited**  
**Consolidated Balance Sheet**  
**31 December 2012**

	Notes	As at 31 December 2012 \$'000	As at 30 June 2012 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	773,404	1,032,467
Available-for-sale financial assets		50,271	53,051
Financial assets at fair value through profit and loss (FVTPL)		4,874	6,802
Trade and other receivables		427,414	455,143
Current tax receivables		12,109	10,477
Inventories		978	972
Other financial assets		231	829
<b>Total current assets</b>		<b>1,269,281</b>	<b>1,559,741</b>
<b>Non-current assets</b>			
Property, plant and equipment		149,395	143,511
Intangible assets		347,875	352,622
Investments accounted for using the equity method		6,725	7,347
Deferred tax assets		53,961	49,964
Other financial assets		9,977	7,073
<b>Total non-current assets</b>		<b>567,933</b>	<b>560,517</b>
<b>Total assets</b>		<b>1,837,214</b>	<b>2,120,258</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		811,049	1,037,042
Borrowings	8	43,627	45,162
Provisions		16,479	14,536
Current tax liabilities		32,410	57,473
Derivative financial instruments		341	481
<b>Total current liabilities</b>		<b>903,906</b>	<b>1,154,694</b>
<b>Non-current liabilities</b>			
Trade and other payables		21,253	20,809
Borrowings	8	3,008	62,013
Provisions		22,916	19,920
Deferred tax liabilities		4,395	5,410
Derivative financial instruments		-	283
<b>Total non-current liabilities</b>		<b>51,572</b>	<b>108,435</b>
<b>Total liabilities</b>		<b>955,478</b>	<b>1,263,129</b>
<b>Net assets</b>		<b>881,736</b>	<b>857,129</b>
<b>EQUITY</b>			
Contributed equity	9	384,459	382,989
Reserves		(68,582)	(70,979)
Retained profits		565,859	545,119
<b>Total equity</b>		<b>881,736</b>	<b>857,129</b>

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

**Flight Centre Limited**  
**Consolidated Income Statement**  
**31 December 2012**

		Half-year ended	
		31 December 2012 \$'000	31 December 2011 \$'000
	Notes		
<b>Revenue</b>			
Revenue from the sale of travel services	2	878,600	817,159
Revenue from the sale of travel as principal	2	119,338	110,900
Other revenue	2	21,589	26,017
<b>Total revenue</b>		<b>1,019,527</b>	<b>954,076</b>
Cost of travel as principal		(104,175)	(96,574)
<b>Gross profit</b>		<b>915,352</b>	<b>857,502</b>
Other income	3	3,321	2,875
<b>Expenses</b>			
Employee benefits		(483,112)	(451,140)
Sales and marketing		(71,135)	(72,629)
Rental expense relating to operating leases		(58,359)	(55,732)
Amortisation and depreciation		(24,107)	(24,855)
Finance costs		(14,029)	(16,181)
Share of profit / (loss) of joint venture and associates accounted for using the equity method		(71)	(262)
Other expenses	4	(138,349)	(119,881)
<b>Profit before income tax expense</b>		<b>129,511</b>	<b>119,697</b>
Income tax expense		(37,668)	(38,132)
<b>Profit attributable to members of Flight Centre Limited</b>		<b>91,843</b>	<b>81,565</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the company:</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	6	91.7	81.6
Diluted earnings per share	6	91.2	81.0

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

**Flight Centre Limited**  
**Consolidated Statement of Comprehensive Income**  
**31 December 2012**

	Half-year ended	
	31 December	31 December
	2012	2011
	\$'000	\$'000
<b>Profit attributable to members of Flight Centre Limited</b>	<b>91,843</b>	81,565
<b>Other comprehensive income</b>		
<i>Items that may be reclassified to profit or loss</i>		
Changes in the fair value of available-for-sale financial assets	1,251	640
Changes in the fair value of cash flow hedges	284	366
Net exchange differences on translation of foreign operations	110	(200)
Income tax on items of other comprehensive income	(499)	(282)
<b>Other comprehensive income</b>	<b>1,146</b>	524
<b>Total comprehensive income for the period attributable to members of Flight Centre Limited</b>	<b>92,989</b>	82,089

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

**Flight Centre Limited**  
**Consolidated Statement of Changes in Equity**  
**31 December 2012**

	<b>Contributed equity \$'000</b>	<b>Reserves \$'000</b>	<b>Retained profits \$'000</b>	<b>Total \$'000</b>
<b>Balance at 1 July 2011</b>	381,308	(74,741)	434,049	740,616
Profit for the period	-	-	81,565	81,565
Other comprehensive income	-	524	-	524
<b>Total comprehensive income for the period</b>	-	524	81,565	82,089
<b>Transactions with owners in their capacity as owners:</b>				
Employee share-based payments	839	696	-	1,535
Dividends provided for or paid	-	-	(47,988)	(47,988)
<b>Balance at 31 December 2011</b>	382,147	(73,521)	467,626	776,252
<b>Balance at 1 July 2012</b>	<b>382,989</b>	<b>(70,979)</b>	<b>545,119</b>	<b>857,129</b>
Profit for the period	-	-	91,843	91,843
Other comprehensive income	-	1,146	-	1,146
<b>Total comprehensive income for the period</b>	-	1,146	91,843	92,989
<b>Transactions with owners in their capacity as owners:</b>				
Employee share-based payments	1,470	1,251	-	2,721
Dividends provided for or paid	-	-	(71,103)	(71,103)
<b>Balance at 31 December 2012</b>	<b>384,459</b>	<b>(68,582)</b>	<b>565,859</b>	<b>881,736</b>

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

**Flight Centre Limited**  
**Consolidated Statement of Cash Flows**  
**31 December 2012**

	<b>Half-year ended</b>	
	<b>31 December</b>	31 December
	<b>2012</b>	2011
Notes	<b>\$'000</b>	\$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (including GST)	<b>1,033,589</b>	972,000
Payments to suppliers and employees (including GST)	<b>(1,083,952)</b>	(933,035)
Royalties received	<b>172</b>	269
Dividends received	<b>550</b>	261
Interest received	<b>21,817</b>	22,967
Interest paid	<b>(15,100)</b>	(17,568)
Income taxes paid	<b>(67,875)</b>	(65,093)
<b>Net cash (outflow) from operating activities</b>	<b>(110,799)</b>	(20,199)
<b>Cash flows from investing activities</b>		
Payment for purchase of businesses (net cash outflow)	-	(2,001)
Payments for property, plant and equipment	<b>(21,650)</b>	(23,626)
Payments for intangibles	<b>(6,799)</b>	(3,816)
Proceeds from sale of investments	<b>8,735</b>	12,010
Loans advanced to related parties	<b>(2,484)</b>	(2,618)
Loans repaid by related parties	<b>275</b>	1,043
<b>Net cash (outflow) from investing activities</b>	<b>(21,923)</b>	(19,008)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	<b>4,209</b>	3,829
Repayment of borrowings	<b>(61,351)</b>	(62,835)
Proceeds from issue of shares	<b>1,612</b>	856
Dividends paid to company's shareholders	<b>(71,103)</b>	(47,988)
<b>Net cash (outflow) from financing activities</b>	<b>(126,633)</b>	(106,138)
<b>Net decrease in cash held</b>	<b>(259,355)</b>	(145,345)
Cash and cash equivalents at the beginning of the half year	<b>1,027,617</b>	885,238
Effects of exchange rate changes on cash and cash equivalents	<b>1,669</b>	1,899
<b>Cash and cash equivalents at end of the half year</b>	<b>769,931</b>	741,792

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

## 1 Summary of significant accounting policies

This general purpose financial report for the interim half-year reporting period ended 31 December 2012 has been prepared in accordance with Accounting Standard AASB 134 and IAS 34 *Interim Financial Reporting* and the *Corporations Act 2001*.

The group's consolidated financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by Flight Centre Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except as follows:

From 1 July 2012 Flight Centre Limited applied amendments to AASB 101 *Presentation of Financial Statements* outlined in AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income*. The change in accounting policy only relates to disclosures and has no impact on consolidated earnings per share or net income. The changes have been applied retrospectively and require the Group to separately present those items of other comprehensive income that may be reclassified to profit or loss in the future from those that will never be reclassified to profit and loss. These changes are included in the statement of comprehensive income.

### *Change in accounting policy*

For the half year ended 31 December 2012 and going forward, the group has voluntarily changed the presentation of expenses in the consolidated income statement from function to nature. The group determined the further disclosure of the nature of the expenses provided more relevant information to the users of the financial statements.

The adjustment is shown in the consolidated income statement and the comparative amounts in the prior period have also been adjusted to show the nature of the expense. The amount of expenses recorded in each period presented has not changed. Only the presentation has changed.

<b>Half-year ended</b>	
<b>31 December</b>	31 December
<b>2012</b>	2011
<b>\$'000</b>	\$'000

## 2 Revenue

### **Revenue from the sale of travel services**

Commission and fees from the provision of travel	644,916	597,952
Revenue from the provision of travel	182,338	173,325
Other revenue from travel services	51,346	45,882
	<b>878,600</b>	<b>817,159</b>

### **Revenue from the sale of travel as principal**

	<b>119,338</b>	<b>110,900</b>
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### **Other revenue**

Rents and sub-lease rentals	2,720	2,573
Interest	18,721	23,202
Royalties - franchisees	148	242
	<b>21,589</b>	<b>26,017</b>

	<b>Half-year ended</b>	
	<b>31 December</b>	31 December
	<b>2012</b>	2011
	<b>\$'000</b>	\$'000
<b>3 Other income</b>		
Net foreign exchange gains	994	2,875
Gain on revaluation of financial assets at fair value	2,327	-
	<b>3,321</b>	2,875
<b>4 Other expenses</b>		
Other occupancy costs	26,011	26,354
Consulting fees	21,326	15,928
Communication and IT	24,189	22,841
Other expenses	66,823	54,758
	<b>138,349</b>	119,881
<b>5 Dividends</b>		
<b>Ordinary shares</b>		
Final fully franked ordinary dividend for the year ended 30 June 2012 of 71.0 cents (2011: 48.0) per fully paid share.	<b>71,103</b>	47,988
	<b>71,103</b>	47,988
<b>Dividends not recognised at the end of the half year</b>		
In addition to the above dividends, since half-year end the directors have recommended the payment of an interim dividend of 46.0 cents (2011: 41.0 cents) per fully paid ordinary share fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 13 April 2013 out of retained profits at 31 December 2012, but not recognised as a liability at the end of the half year is \$46,074k (2011: \$41,002k).		
<b>6 Earnings per share</b>		
<b>Basic earnings per share</b>	<b>Cents</b>	Cents
Profit attributable to the ordinary equity holders of the company	91.7	81.6
<b>Diluted earnings per share</b>		
Profit attributable to the ordinary equity holders of the company	91.2	81.0
<b>Reconciliations of earnings used in calculating earnings per share</b>	<b>\$'000</b>	\$'000
Profit attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	91,843	81,565
<b>Weighted average number of shares used as the denominator</b>	<b>Number</b>	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	100,112,310	99,976,129
<i>Adjustments for calculation of diluted earnings per share:</i>		
Options and Rights	633,489	731,391
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	<b>100,745,799</b>	100,707,520

	<b>As at 31 December 2012 \$'000</b>	<b>As at 30 June 2012 \$'000</b>
<b>7 Cash and cash equivalents</b>		
Cash at bank and on hand	319,522	400,849
Client account	<b>453,882</b>	631,618
	<u><b>773,404</b></u>	<u>1,032,467</u>
<b>Reconciliation to Statement of Cash Flows</b>		
Cash and cash equivalents	<b>773,404</b>	1,032,467
Bank overdrafts	<b>(3,473)</b>	(4,850)
Balance per Statement of Cash Flows	<u><b>769,931</b></u>	<u>1,027,617</u>

## 8 Borrowings

### (a) Current

#### *Secured*

Bank overdrafts	3,473	4,850
Bank loans	<b>8,925</b>	7,546

#### *Unsecured*

Bank loans	<b>18,738</b>	18,628
Unsecured notes principal	<b>12,491</b>	14,138
Total current borrowings	<u><b>43,627</b></u>	<u>45,162</u>

### (b) Non-current

#### *Secured*

Bank loan	<b>3,008</b>	3,551
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#### *Unsecured*

Bank loan	-	58,462
Total non-current borrowings	<u><b>3,008</b></u>	<u>62,013</u>

During the period, the company has moved to capitalise on the Australian dollar's current strength by electing to repay the unsecured \$US 60million loan that was used to partly fund the Liberty Travel acquisition in the United States in 2008.

## 9 Contributed equity

	31 December 2012 Shares	30 June 2012 Shares	31 December 2012 \$'000	30 June 2012 \$'000
<b>Share capital</b>				
Fully paid ordinary shares	<u><b>100,160,128</b></u>	<u>100,047,288</u>	<u><b>384,459</b></u>	<u>382,989</u>



## 10 Segment information

### ***Alternative profit measures***

In addition to using profit as a measure of the group and its segments' financial performance, FLT uses statutory EBIT and statutory EBITDA. These measures are not defined under IFRS and are, therefore, termed "Non-IFRS" measures.

Statutory EBIT is defined as group profit before net interest and tax, while statutory EBITDA is group profit before net interest, tax, depreciation and amortisation. These non-IFRS measures are commonly used by management, investors and financial analysts to evaluate companies' performance.

The segment result is adjusted EBIT. FLT's chief decision makers also use an adjusted EBIT measure to assess the group's performance. The adjustments take into account various operational items that are integral to the business's performance, including interest paid on the BOS unsecured note program and finance leases and interest received on cash generated by FLT's wholesale businesses. Further adjustments may also occur to reflect specific items that are not trading related.

A reconciliation of these non-IFRS measures and specific items to the nearest measure prepared in accordance with IFRS is included in the table on the following pages.

### ***Segment assets***

The amounts provided to the board and executive team in respect of total assets are measured in a manner consistent with that of the financial statements. These reports do not allocate total assets based on the operations of each segment or by geographical location, except for cash and cash equivalents which is reported to the board and executive team by segment. This is included in the tables on the following pages.

### ***Other segment***

The other segment disclosed in the tables on the following pages includes Brisbane-based support businesses which conduct business on a global basis in their own right and are not associated to a particular country.

### ***Total transaction value (TTV)***

TTV is un-audited, non-IFRS financial information and does not represent revenue in accordance with Australian Accounting Standards. TTV represents the price at which travel products and services have been sold across the group's various operations, as agent for various airlines and other service providers, plus revenue from other sources. Flight Centre's revenue is, therefore, derived from TTV.

December 2012	Australia	United States	United Kingdom	Rest of World	Other Segment <sup>1</sup>	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Segment information</b>						
<b>TTV<sup>2</sup></b>	<b>4,016,768</b>	<b>715,018</b>	<b>557,753</b>	<b>1,227,328</b>	<b>75,668</b>	<b>6,592,535</b>
<b>Revenue from external customers</b>	<b>520,107</b>	<b>88,424</b>	<b>79,157</b>	<b>152,382</b>	<b>75,211</b>	<b>915,281</b>
<b>Alternative profit measures</b>						
<b>Statutory EBITDA</b>	<b>126,462</b>	<b>(1,726)</b>	<b>14,702</b>	<b>14,844</b>	<b>(5,356)</b>	<b>148,926</b>
Depreciation and amortisation	(13,251)	(3,754)	(1,811)	(4,749)	(542)	(24,107)
<b>Statutory EBIT</b>	<b>113,211</b>	<b>(5,480)</b>	<b>12,891</b>	<b>10,095</b>	<b>(5,898)</b>	<b>124,819</b>
Interest income	362	156	707	232	17,264	18,721
BOS interest expense	(10,798)	(214)	(609)	(1,980)	2,073	(11,528)
Other interest expense	(476)	(1,199)	(171)	(197)	(458)	(2,501)
Other non-material items	6	-	(5)	(1)	-	-
<b>Net profit before tax and royalty</b>	<b>102,305</b>	<b>(6,737)</b>	<b>12,813</b>	<b>8,149</b>	<b>12,981</b>	<b>129,511</b>
Royalty	2,145	-	-	(2,145)	-	-
<b>Net profit before tax and after royalty</b>	<b>104,450</b>	<b>(6,737)</b>	<b>12,813</b>	<b>6,004</b>	<b>12,981</b>	<b>129,511</b>
<b>Reconciliation of Statutory EBIT to Adjusted EBIT</b>						
<b>Statutory EBIT</b>	<b>113,211</b>	<b>(5,480)</b>	<b>12,891</b>	<b>10,095</b>	<b>(5,898)</b>	<b>124,819</b>
Interest income <sup>3</sup>	359	-	-	688	5,286	6,333
BOS interest expense	(10,798)	(214)	(609)	(1,980)	2,073	(11,528)
Other interest expense <sup>4</sup>	-	(19)	-	-	-	(19)
Net foreign exchange (gains) / losses on intercompany loans	-	-	-	1	655	656
Other non-material items	1	-	-	1	266	268
<b>Adjusted EBIT / Segment Result</b>	<b>102,773</b>	<b>(5,713)</b>	<b>12,282</b>	<b>8,805</b>	<b>2,382</b>	<b>120,529</b>
<b>Cash and cash equivalents</b>	<b>1,250,943</b>	<b>106,601</b>	<b>20,745</b>	<b>85,122</b>	<b>(690,007)</b>	<b>773,404</b>

<sup>1</sup> Other segment includes Brisbane-based support businesses that support the global network.

<sup>2</sup> TTV is an un-audited, non-IFRS measure.

<sup>3</sup> Land wholesale interest only.

<sup>4</sup> Interest expense includes finance lease charges only.

December 2011

Segment information	Australia \$'000	United States \$'000	United Kingdom \$'000	Rest of World \$'000	Other Segment <sup>1</sup> \$'000	Total \$'000
<b>TTV<sup>2</sup></b>	<b>3,697,895</b>	<b>724,943</b>	<b>563,654</b>	<b>1,126,498</b>	<b>67,704</b>	<b>6,180,694</b>
<b>Revenue from external customers</b>	<b>479,483</b>	<b>91,271</b>	<b>76,373</b>	<b>142,855</b>	<b>67,415</b>	<b>857,397</b>
<b>Alternative profit measures</b>						
<b>Statutory EBITDA</b>	<b>115,332</b>	<b>681</b>	<b>13,212</b>	<b>17,877</b>	<b>(9,571)</b>	<b>137,531</b>
Depreciation and amortisation	(13,177)	(3,991)	(1,843)	(4,976)	(868)	(24,855)
<b>Statutory EBIT</b>	<b>102,155</b>	<b>(3,310)</b>	<b>11,369</b>	<b>12,901</b>	<b>(10,439)</b>	<b>112,676</b>
Interest income	437	56	673	(369)	22,405	23,202
BOS interest expense	(10,045)	(74)	(853)	(1,651)	(678)	(13,301)
Other interest expense	(660)	(1,069)	-	616	(1,767)	(2,880)
Other non-material items	(100)	-	452	(775)	423	-
<b>Net profit before tax and royalty</b>	<b>91,787</b>	<b>(4,397)</b>	<b>11,641</b>	<b>10,722</b>	<b>9,944</b>	<b>119,697</b>
Royalty	7,340	-	(5,687)	(1,653)	-	-
<b>Net profit before tax and after royalty</b>	<b>99,127</b>	<b>(4,397)</b>	<b>5,954</b>	<b>9,069</b>	<b>9,944</b>	<b>119,697</b>
<b>Reconciliation of Statutory EBIT to Adjusted EBIT</b>						
<b>Statutory EBIT</b>	<b>102,155</b>	<b>(3,310)</b>	<b>11,369</b>	<b>12,901</b>	<b>(10,439)</b>	<b>112,676</b>
Interest income <sup>3</sup>	403	55	-	659	6,144	7,261
BOS interest expense	(10,045)	(74)	(853)	(1,651)	(678)	(13,301)
Other interest expense <sup>4</sup>	(1)	(9)	-	(16)	-	(26)
Net foreign exchange (gains) / losses on intercompany loans	(13)	-	-	(17)	(371)	(401)
Other non-material items	11	-	-	(157)	(16)	(162)
<b>Adjusted EBIT / Segment Result</b>	<b>92,510</b>	<b>(3,338)</b>	<b>10,516</b>	<b>11,719</b>	<b>(5,360)</b>	<b>106,047</b>
<b>Cash and cash equivalents</b>	<b>1,146,195</b>	<b>93,531</b>	<b>26,368</b>	<b>50,982</b>	<b>(570,398)</b>	<b>746,678</b>

<sup>1</sup> Other segment includes Brisbane-based support businesses that support the global network.

<sup>2</sup> TTV is an un-audited, non-IFRS measure.

<sup>3</sup> Land wholesale interest only.

<sup>4</sup> Interest expense includes finance lease charges only.

## **11 Contingencies**

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

The ACCC's competition law test case against FLT was heard in October 2012 and an outcome is expected this calendar year. No contingent liability exists in respect of this matter.

## **12 Events occurring after the end of the reporting period**

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

## Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 8 to 19 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Flight Centre Limited will be able to pay its debts as and when they become due and payable.

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



G.F. Turner  
Director

26 February 2013

## Independent Auditor's Review Report

To the members of Flight Centre Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Flight Centre Limited (the company), which comprises the consolidated balance sheet as at 31 December 2012, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

### Directors' Responsibility for the Half Year Financial Report

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

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001*. As the auditor of Flight Centre Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

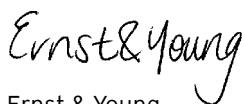
### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

### Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Alison de Groot  
Partner  
Brisbane  
26 February 2013