FLIGHT CENTRE LIMITED

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SUMMARY OF FINANCIAL RESULTS
YEAR ENDED JUNE 30 2005

RESULTS IN BRIEF	**12 Months to June 30 2005**	12 Months to June 30 2004	Var %
Total transaction value (TTV)	**$6.9b**	$5.9b	17
Revenue	**$899m**	$799m	13
EBITDA	**$143.9m**	$157.0m	(8)
Net Profit before tax	**$107.0m**	$121.3m	(12)
EBIT	**$97.7m**	$117.8m	(17)
Net Profit after tax	**$67.9m***	$81.9m	(17)
Final Dividend	**28cents**	40.5cents**	(31)

*US tax losses written off

**Excludes special dividend payment

Flight Centre Limited today announced:

- Record global sales – up 17% on 2003/04
- Growth in retail, corporate and retail online operations
- Reduced profit results, in line with revised forecasts
- Results affected by increased overhead costs and margin pressure
- A fully franked final dividend of 28 cents a share
- Target of 15% TTV growth for 2005/06 – too early to predict profit

Financial Performance

FLIGHT Centre Limited has achieved a $107.0 million pre tax profit during the 2004/05 fiscal year.

The result, which is based on accounts that are currently being audited, is below initial expectations and in line with the company's revised forecasts for the 12 months to June 30 2005.

Global sales reached a record $6.9 billion, but profit was affected by increased overhead costs and a decrease in income margin from 13.6% in 2003/04 to 13.1% in 2004/05. This decrease reflects pressure on air margins and insufficient sales growth to reach some top-tier override targets during 2004/05.

To improve profit, Flight Centre Limited will:

- Continue to grow its retail, corporate and online businesses
- Increase higher margin sales by actively supporting preferred airlines and other suppliers that adequately reward the company for its sales effort
- Reduce support structures and focus on cutting discretionary spending

After-tax results were adversely affected by the full write-down of historical US tax losses. These losses can be reinstated if the US business is profitable in the future.

Earnings per share decreased 18% to 71.9 cents, while return on shareholders' equity decreased from 19.3% to 17.5%.

Flight Centre Limited's directors declared a final dividend of 28 cents a share fully franked payable on October 14, 2005 to shareholders registered on September 23. This brings total dividends for the year to 50.5 cents a share fully franked, compared to 61 cents a share the previous year (excluding special dividend).

Dividend guidelines for 2005/06 will be foreshadowed at the annual general meeting in October, reflecting the company's capital requirements for the year.

In releasing Flight Centre Limited's results, chief executive officer Shane Flynn said significant developments during 2004/05 included:

- The launch, development and expansion of the first Asia-Pacific based global travel management network, FCm Travel Solutions. The company's flagship business travel brand is now in 30 countries, including 20 licencees.
- The introduction of retail online businesses in Australia, Canada and the United States, which helped the company increase online sales significantly
- The RewardPass loyalty program's Australian launch. RewardPass is now linked to the Diners, ANZ Rewards Visa and Commonwealth Bank programs
- Structural improvement and streamlining roles in Australia and New Zealand support areas to decrease costs and improve efficiency

Selling staff numbers increased by 11% globally as the company continued to open new stores and to increase the number of sales consultants in existing shops.

Capital expenditure for 2004/05 was $50.6 million and related predominantly to shop refurbishments, shop and head office fit-outs and IT spend.

Operations Review

Australia

After increasing profit by 50% in 2003/04, the Australian retail travel business improved by a further 15% in 2004/05. Flight Centre brand continued to grow, while the Student Flights and Escape Travel brands were profitable. Continued modest shop growth is planned in all retail brands in 2005/06.

The company will continue to focus on cost reduction in its support areas and on growing its retail and online businesses in 2005/06.

The corporate travel operation improved profit by 18% during 2004/05, with strongest performances coming in the TMS and conferencing markets. During 2005/06, the focus will be on client acquisition and improving retention.

New Zealand

Profit was similar to 2003/04 and below expectations. Retail performance improved, but the company was unable to achieve its major sales targets, which impacted on some override earnings. In the year ahead, the business will target a return to significant growth, with a streamlined support structure in place, as well as modest retail and corporate growth.

South Africa

The business achieved 11% profit growth. Fourth quarter results were encouraging and the business is geared for growth in 2005/06. Growth will come via increasing selling staff and shop numbers.

United Kingdom

The retail business's profit growth was reasonable, with profit increasing more than $1 million, while business travel brand Britannic performed in line with expectations. Selling staff numbers increased by 27% as the company continued to develop its retail and corporate presence.

United States

TTV increased by 16%, but losses were marginally greater than in 2003/04. The company continued to integrate its US and Canada businesses and expects continued modest growth, mainly in its corporate business, during 2005/06.

Canada

The business achieved 23% TTV growth and losses in line with 2003/04, while opening seven new retail shops and introducing an enhanced online booking engine. Although retail was relatively disappointing, corporate profit growth was strong. Overall results were encouraging during the fourth quarter.

Outlook – 2005/06

Challenges for the year ahead include:

- Pressure on air margins in most regions
- Recruitment of people to meet growth needs in full labour markets
- Growth in the online market and reduced GDS income as web sales increase

To improve returns in 2005/06, the company will focus on:

- Continued business expansion and better retail and online capabilities
- Margin improvement through land and preferred supplier strategies
- Cost improvements by reducing overheads, structure and having a more effective procurement area

- Acquisitions – the company is still targeting a medium sized corporate business in the USA

The Full Throttle program and its initiatives are moving into business as usual.

Flight Centre Limited chairman Graham Turner said the current volatility in the global travel market and pressure on air margins made it difficult to predict 2005/06 results.

He said the company would target TTV growth about 15%.

"The strategies we have in place for 2005/06 are geared towards improving income margin by growing modestly, reducing costs and increasing productivity," Mr Turner said. "We also have a policy of minimising sales for air and land suppliers that do not adequately reward us for our sales volume.

"With these strategies and the steps taken in 2004/05 to build a stronger overall business, we will be disappointed if we cannot achieve profit growth in line with TTV growth, although full year profit is impossible to predict at this stage.

"We will continue to grow our retail, corporate and retail online businesses, with shorter term profit growth primarily coming from continued improvement in our shop network and in our corporate travel businesses.

"Our web sites' purpose is to support this growth and to maximise online sales, in addition to providing our customers with very good information and product.

"We continue to make advances online – flightcentre.com was recognised by Hitwise as Australia's most popular travel agency site for 2004 and will almost certainly be again in 2005.

"This is an investment for the future and an essential link in our travel distribution chain."

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