Chairman's Address 2011 Annual General Meeting, by Peter Morahan

As outlined in our recent market announcements, the 2010/11 financial year was another memorable period for Flight Centre Limited.

When we initially set our growth targets and market guidance, we couldn't have imagined the challenges we would face as the year progressed.

Despite these challenges, our company:

- Achieved record results
- Finished the year with a record cash balance, a $209million positive net debt position and a stronger overall balance sheet
- Returned $84million in dividend payments to shareholders, compared to $70million during 2009/10; and
- Continued to grow and evolve – the company had 2243 shops and businesses at June 30, with half located outside Australia

Pleasingly, our underlying profit before tax was above guidance at $245.2million.

After one-off donations and impairment, actual profit before tax was $213.1million, which also surpassed our previous record pre-tax result of $201million.

As always, we maintained tight controls over costs, while continuing to invest in key areas with a view to increasing future shareholder returns.

This included significant investments in our sales force through new training and development initiatives and a new pay structure that gave our retail consultants in Australia and several other countries higher retainers and, therefore, greater certainty

Another pleasing aspect was our overseas businesses' performance.

For the first time, our 10 regions made positive earnings before interest and tax contributions.

This included record EBIT in Australia, Canada, India and Dubai and inaugural EBIT profits in the United States, Greater China and Singapore.

Credit for these achievements obviously goes to our 14,000 people globally.

In this forum, I would like to recognise the contributions these people made in another important area – corporate social responsibility.

During the second half of last year, a series of tragic natural events unfolded.

These events touched our people personally and included Queensland's floods and cyclones in January, the Christchurch earthquakes in February and the tsunami in Japan in April. Then, in June, ash clouds significantly disrupted air travel.

FLT made the largest corporate pledges in its history, totalling $4.2million, to help the people of Queensland and Christchurch rebuild their lives.

In addition to this, our people made hands on contributions by donating goods, aiding in the cleanup efforts and, of course, providing tireless around-the-clock assistance to customers whose travel plans were disrupted.

Thank-you for your efforts during these challenging times and throughout the year.

Looking forward to 2011/12, achieving our targets will not be easy but our business foundations are solid and we are well placed to build on our record of success.

Our strengths include:

- Our diversity – FLT now has extensive leisure, corporate, online and wholesale offerings and is not solely reliant on domestic or international travel
- The financial ability to capitalise on opportunities that may arise and to continue to invest in the business; and
- Our strong and experienced management team in Australia and overseas

Flight Centre's ability to grow in varied trading conditions is another strength.

Profit before tax and TTV have now exceeded the prior year's results 14 times in our 16 years as a public company.

During this time, we have encountered:

- Wars in the Middle East
- The September 11 attacks and the Bali bombings
- The collapse of Ansett and other major suppliers
- The Asian tsunamis, ash clouds and other natural disasters
- Structural change brought about by the internet's emergence and low cost carriers
- The Global Financial Crisis
- The seemingly endless rise in airline fuel surcharges that cost us millions of dollars in lost revenue
- Civil unrest in some key markets
- SARS, swine flu and bird flu
- Airline strikes; and
- Ever changing market dynamics that have seen overall consumer confidence, the value of the Australian dollar and airfare prices fluctuate

This list, which is by no means complete, underlines the travel industry's volatility, but also our ability to overcome challenges.

This can also be highlighted by comparing the trading environments during our two best years to date – 2007/08 and 2010/11.

Four years ago, FLT achieved record results at a time when international airfare prices and consumer confidence were soaring. Fast forward to 2010/11 and FLT set a new benchmark at a time when airfares were at or close to historic lows and consumer sentiment was uncertain.

Thank-you again for your ongoing support of our company as shareholders.

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