APPENDIX 4D
FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

FLIGHT CENTRE TRAVEL GROUP LIMITED (FLT)

ABN 25 003 377 188

CONTENTS

APPENDIX 4D: RESULTS FOR ANNOUNCEMENT TO THE MARKET

Results in brief

	December 2015 $'000	December 2014 $'000	Change $'000	Change %
Total transaction value (TTV) [1]	9,182,098	8,138,350	1,043,748	12.8%
Revenue	1,269,722	1,102,839	166,883	15.1%
Net profit before tax	156,852	140,993	15,859	11.2%
Net profit after tax	116,688	100,314	16,374	16.3%

[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. FLT's revenue is, therefore, derived from TTV.

Dividends

	Amount per Security Cents	100% Franked Amount Cents
31 December 2015		
Interim dividend[2]	60.0	60.0
30 June 2015		
Interim dividend	55.0	55.0
Final dividend[3]	97.0	97.0

[2] The record date for determining entitlements to the interim dividend of 60.0 cents per share is 24 March 2016. The payment date for the interim dividend is 14 April 2016.

[3] Final dividend of 97.0 cents per share for the year ended 30 June 2015 was declared 27 August 2015.

Net tangible assets

	December 2015 $	December 2014 $
Net tangible asset backing per ordinary security	8.32	7.66

Control gained over entities

On 18 December 2015, FLT acquired a 98.66% interest (with the remainder subject to squeeze-out provisions) in StudentUniverse.com (SU) for consideration of USD$28,000,000 ($39,227,000). SU is a Boston-based business with a strong technology platform and is a leading online travel booking service dedicated to the student and youth sector. The business offers its targeted demographic exclusive deals, including specially negotiated student airfares, and experiences via its websites and mobile apps.

Other acquisitions during the half-year ended 31 December 2015 include:

- On 17 July 2015, FLT completed the acquisition of the corporate travel business Koch Overseas based in Mexico City for consideration of USD$1,400,000 ($1,877,000) for 100% ownership. The business is closely aligned to FLT and was formerly part of the global FCM Travel Solutions network.
- On 30 October 2015, FLT acquired a 51% interest in AVMIN Pty Ltd (AVMIN), a Brisbane-based private company. AVMIN specialises in complete fly-in fly-out (FIFO) logistics, ad hoc charter aircraft, VIP travel, sporting and conference group charters and air freight services, both within Australia and internationally. The acquisition gives FLT access to a new and profitable revenue stream that significantly enhances the offering FLT provides to corporate and leisure travellers.
- On 16 November 2015, FLT acquired a 40% interest in Worldwide Aviation Services (WAS), a small Malaysia-based corporate travel business. WAS has become part of the FCM Travel Solutions corporate travel management network that FLT created in 2004. FLT's investment in WAS gives the company an equity presence in a key corporate travel hub; a platform for market entry into the SME corporate travel sector; an opportunity to expand in the marine and energy sector; and greater control over the FCM customer offering in Malaysia.

APPENDIX 4D: RESULTS FOR ANNOUNCEMENT TO THE MARKET continued

Control gained over entities (continued)

- On 21 December 2015, FLT acquired a 70% interest in the BYOjet.com business. BYOjet.com is an emerging online travel agency that specialises in low cost airfares. In addition to selling airfares and other travel products via BYOjet.com, the acquired business generates additional revenue by offering its JETMAX booking system as a white-label technology product. On 19 February 2016, FLT acquired a further 20% interest in BYOjet, taking its total holding in the company to 90%.

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

The report should be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by FLT in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001* and *ASX Listing Rules*.

Signed:

G. F. Turner

Director

24 February 2016

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Flight Centre Travel Group Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2015.

Directors

The following persons were directors of Flight Centre Travel Group Limited for the entire half year and up to the date of this report.

G.F. Turner

G.W. Smith

J.A. Eales

R.A. Baker

C.L. Kelly

Review of operations and results

Result overview

THE Flight Centre Travel Group (FLT) today released results for the first half of the 2015/16 fiscal year.

In a challenging trading environment during the six months to December 31, 2015, the company achieved:

- Record global sales - total transaction value (TTV*) exceeded the previous first half record by more than $1billion
- A stronger income margin, following a decline during the previous corresponding period (PCP); and
- Improved profits, leading to increased shareholder returns, during a period of significant investment in key areas of the business

In making these investments, which in some cases have led to a slight slowdown in short-term profit growth, FLT has highlighted its commitment to improving longer term results and strengthening platforms that will underpin its ability to deliver stronger future returns,

For example, the company now has:

- A stronger omni-channel sales network through a series of new strategic initiatives
- Enhanced systems that will help boost productivity, lower costs or grow TTV
- New revenue streams through new and unique product ranges and by expansion in sectors where FLT was previously under-represented;
- Additional tools to aid staff retention and attraction, including increased front-end wages in some countries and other people-related initiatives; and
- A stronger marketing spend to generate more enquiry and to enhance the skill-set within the new Product, Advertising and Customer Experience (PACE) areas globally

Financial results

For the 19th time in 20 years as a publicly listed entity, FLT's first half TTV exceeded the prior year's result.

Globally, TTV increased 12.8% to $9.2billion, with all of the company's ten countries and regions achieving record first half TTV in Australian dollars.

Revenue increased 15.1% to $1.3billion, leading to an improved first half income margin of 13.83% (PCP: 13.55%).

Profit before tax (PBT) increased 11.2% to $156.9million.

While this was a record statutory PBT, it included the $11million that was refunded to FLT following the company's successful appeal in the long-running competition law case initiated by the ACCC.

Excluding the refund, FLT's PBT increased 3.4% to $145.9million.

Net profit after tax (NPAT) increased 16.3% to $116.7million or 5.4% to $105.7million excluding the ACCC refund.

FLT's major expense items were again wages, rent and sales and marketing.

During the first half, the company increased front-end sales staff salaries in the United Kingdom, New Zealand and Canada, mirroring the increase in Australia last year.

* TTV is an un-audited, non-IFRS measure.

DIRECTORS' REPORT continued

Review of operations and results (continued)

Rental costs also increased, as the company continued to expand its global network.

Sales and marketing costs represented 1.2% of TTV, compared to 1.1% during the PCP.

This increase, which contributed to strong enquiry generation, was brought about by the investment in the PACE area globally and an overall increase in advertising spend.

During the first half, FLT also incurred an additional $5.2million in depreciation and amortisation expense, a 20.3% year-on-year increase.

This was linked to an increased capex program, which saw first half expenditure reach $58.2million (PCP: $39.5million), as FLT invested in its systems, rolled out its next generation shop design and funded head office relocations in Australia, the USA and Singapore. As announced previously, FLT expects cap-ex to be in the order of $120million this year and between $80million and $100million over the next few years.

Business growth

FLT continued to expand its network organically and via strategic acquisitions that have enhanced and diversified the company's sales network.

During the first half, the company acquired interests in:

- StudentUniverse.com (SU), a market leading business, targeting the student and youth demographic, with a strong proprietary platform, websites and mobile apps
- BYOjet.com, an Australian online travel agency specialising in low cost airfares
- AVMIN, a leading aircraft charter and logistics specialist; and
- Small corporate travel businesses in Mexico (Koch) and Malaysia (Worldwide Aviation Services)

In addition, FLT acquired a Hong Kong-based events business ($0.6million) this month to complement the local cievents operation.

Overall, sales staff numbers increased 6.2% to 14,706, while the number of sales teams increased 6.7% to 2,943.

Cash, cash flow and dividends

FLT's global cash and investment portfolio totalled $1.15billion at December 31, 2015 and included $429.8million in company cash or general funds, a slight increase on the PCP.

Debt decreased to $21.2million (PCP: $32.8million), giving FLT a $408.6million positive net debt position at the end of the first half.

In line with normal seasonality, an operating cash outflow was recorded during the first half. The $96.7million outflow compared to a $68.1million outflow during the PCP.

FLT's directors today declared a fully franked $0.60 per share interim dividend to be paid on April 14, 2016 (Record date: March 24, 2016).

This was 9.1% higher than the $0.55 interim dividend paid during 2014/15 and represented a 51.9% return of statutory NPAT to shareholders. Excluding the ACCC refund, the return to shareholders was 57.3% of NPAT.

Operational review

First half results were underpinned by:

- Accelerated global sales growth with an improved income margin
- Record profit from the UK/Ireland (in Australian dollars) and South Africa businesses with improved results in Australia and the United Arab Emirates (UAE); and
- A solid contribution from the Top Deck touring business

Within FLT's businesses, all countries and regions were profitable during the period, apart from India and the Americas, where the company has traditionally recorded first half losses.

Four businesses improved on their prior year EBIT, as outlined previously, while the New Zealand, Singapore and Greater China businesses were profitable but delivered lower first half EBIT.

In Australia, TTV increased by 7%.

Review of operations and results (continued)

FLT's fastest growing leisure sectors included:

- Ocean and river cruising
- Youth touring
- Complex airfares, particularly round-the-world flights
- Small corporate accounts trading with Flight Centre Business Travel; and
- Foreign exchange, with Travel Money Oz continuing its rapid expansion and performing strongly

In addition, Flight Centre recorded solid growth in low cost carrier (LCC) sales after establishing mutually beneficial relationships with several significant players in the sector, as part of its commitment to offering customers the widest choice of airfares.

To enhance its omni channel network, FLT rolled out its next generation leisure shop designs and developed a stronger online presence by acquiring a 70% interest in BYOjet and by enhancing the product range and capabilities on its existing sites.

For example, flightcentre.com.au now offers a full range of Jetstar fares and ancillary products, and the Tigerair range will be added next week.

The Australian corporate travel businesses together turned over just under $1.2billion and won a number of large accounts to offset the loss of the Whole of Australian Government account during the second half of last year.

High profile account wins included the New South Wales Government, which was won by FCM Travel Solutions and should start trading during the fourth quarter, Cricket Australia and rugby governing body SANZAR.

The **UK/Ireland** business again delivered record profit (in Australian dollars) and sales, with first half TTV topping GBP500million for the first time.

Profit growth in local currency was, however, flat after a period of strong growth that has seen EBIT increase at an 18% compounding annual growth rate since the 2009 recession.

While the corporate businesses grew strongly and secured a solid pipeline of new accounts, this growth was offset by lower leisure profits. This was, in part, brought about by a new wage system that has delivered a pay-rise to front-end sales staff and team leaders.

Other key investments included:

- Network enhancements: A Chester hyperstore opened and sites were secured in Dublin and in Richmond
- Start-up costs associated with the unique Journeys and Escapes product ranges
- Increased marketing to develop the PACE area and generate more enquiry; and
- Business development manager (BDM) growth to secure more corporate accounts

The **USA** and **Mexico** business was FLT's largest sales generator outside of Australia, with TTV reaching $1.3billion.

TTV growth in local currency narrowly topped the record first half result achieved last year, but bottom-line results have not yet been as strong as those recorded during the PCP.

The US SME corporate business again generated record profit and sales, but leisure and wholesale losses increased during their seasonally softer trading period.

New products, including Liberty's Breaks, Journeys and Escapes ranges and GOGO Care, have been launched to differentiate the leisure and wholesale offerings and to grow sales in key sectors.

New brands have also been introduced, including Campus Travel and Travel Money.

The US corporate business is also poised for further growth, with:

- A larger BDM network now in place to win more accounts - BDM numbers have increased 31% during the past year in the USA
- Corporate Traveller set to open in Raleigh or Durham (North Carolina), Minneapolis (Minnesota) and Orange County (California) during the second half; and
- The acquired Mexico business, which contributed a small first half loss to the overall US result, now integrated into Flight Centre USA and using the systems and structures that have underpinned FLT's success in corporate travel globally

Review of operations and results (continued)

Elsewhere in the world:

- FLT's **South Africa** business performed strongly to comfortably surpass its previous profit and sales records. EBIT increased 21% in local currency, with all leisure and corporate travel brands profitable over the half year
- Sales increased solidly in **New Zealand** with first half TTV topping NZD500million for the first time. Overall profits were however, adversely affected in the short-term by the investment in network upgrades, the launch of exclusive new products and a new front-end wage structure
- Bottom-line results stabilised and improved slightly in **Canada**, as the corporate business again generated solid profit, and leisure losses decreased under the business's new leadership team; and
- TTV and team numbers grew solidly in the emerging **Asia-Middle East** region. Together, FLT's businesses in the region delivered 22% TTV growth in Australian dollars and could now for the first time surpass $1billion in TTV for the full year

Additional details relating to FLT's trading performance and operational highlights within its 10 geographical regions have been included in a separate presentation lodged with the Australian Securities Exchange today.

Strategic update

To ensure it capitalises on the ongoing growth in the travel sector globally, FLT has a longer term strategic focus on four key areas:

1. Travel retailing - direct sales across various segments and models, including online
2. Travel experiences - "at destination" delivery of a range of travel experiences provided by destination management companies and tour operators
3. Corporate travel; and
4. The youth and student sector - incorporating FLT's travel and education businesses

In addition, the company plans to expand the non-travel businesses that it currently operates and is considering a longer term plan to develop a travel incubation division, which will allow it to build relationships and invest in emerging start-up businesses within the travel sector globally.

To evolve its model and enable ongoing growth in these key areas, FLT has followed two key pathways during the past three years.

The first pathway - the journey from travel agent to world class travel retailer - involved seven mini themes; famous brands, unique product, expertise, excellent shops, blended travel, information as power and becoming a sales and marketing machine.

The second pathway saw FLT define its noble sales purpose (NSP) - we care about delivering amazing travel experiences.

These pathways have now been blended to form six key journeys that have been implemented in each country and in each brand:

1. The physical or shop journey
2. The product journey
3. The business journey
4. The sales journey
5. The people journey; and
6. The digital journey

As part of its physical journey, FLT has invested significantly in its network to improve the retail experience for customers.

Next generation shop designs have been introduced and new design features, including enhanced digital signage, have been incorporated to showcase FLT's products and to capitalise on the shops' high profile locations.

In Australia and in some other markets, including the UK and USA, FLT has also moved to larger shops, housing more sales teams. These larger shops are delivering stronger returns and allow FLT to grow sales team numbers at a more rapid rate than the growth in physical sites, thereby delivering a more cost effective growth model for the future.

The product journey has seen FLT's brands create and deploy unique product ranges that customers and consultants love.

Review of operations and results (continued)

These ranges are expanding, with the International Airfare Packages (IAPs) that were launched Australia-wide in April 2015 now available in Canada and New Zealand and an Australian Domestic Airfare Package currently being trialled.

Escapes and Journeys leisure ranges have also been launched globally.

In line with Flight Centre's commitment to offering customers the widest choice of airfares, the company has secured commercial agreements with various low cost carriers (LCCs).

Commercial agreements have recently been signed in Australia with both Air Asia X and Tigerair. Additional LCC fares and ancillary products have also been added to flightcentre.com.au.

FLT's business journey is focused on ensuring its replicable and simple business model based on ownership remains core to the company's success.

This ownership model is now being coupled with strategies to expand and refine the business model to make it more cost efficient and scalable through a changing physical footprint and by embracing digital technology - for online transactions and for digital person-to-person connections with customers.

Three major strategies are at the heart of FLT's sales journey:

1. Establishing stronger person-to-person connections to help consultants build, keep and grow a personal customer base
2. Utilising digital and, importantly, mobile interaction with customers; and
3. Customer Relationship Management (CRM) expansion to enhance the experience with the company's brands and consultants

As part of its sales journey, FLT has launched the "Book With Me" program in Australia to connect the on and offline worlds.

Under this program, which effectively mirrors FLT's successful corporate travel offering, personalised Flight Centre websites or online booking tools (OBTs) will be created for FLT's sales people to share with their customers, families and friends. Customers are proactively invited to "Book With Me" or can use the personalised OBT to make the booking directly but with the added bonus of the consultant being personally attached to the booking.

The new CRM tool - earmarked for a nationwide launch in Australia during 2016/17 - will expand on FLT's single view of the customer and allow it to personalise offers, products and services.

As part of its people journey, FLT is initiating a number of strategies to ensure it continues to recruit, retain and develop great people. These initiatives focus on workplace flexibility and will deliver new career options to parents and others who are seeking to vary the traditional work week.

FLT's digital journey is built around some of the initiatives that have been outlined in the other journeys. In the longer term, the company also plans to create Digital Centres of Excellence in some key markets globally to develop digital strategies and platforms across the business.

Outlook and growth drivers

FLT today reaffirmed its full year guidance of a record underlying PBT between $380million and $395million, 4-8% growth on the PCP.

The company's underlying PBT target does not include:

- The ACCC refund, as outlined previously
- Possible intangibles impairment*; and
- Unforeseen items that can potentially arise in any given year

While FLT's first half PBT growth rate (excluding ACCC) was fractionally below the targeted growth rate for the full year, the company has built strong foundations for the future by enhancing its systems and network and boosting its presence in key sectors.

Other second half growth drivers include:

- The opportunity to achieve accelerated TTV growth in Australia - driven by network growth during the first half, strong enquiry and cheap airfares heading into the year's peak booking seasons
- More rapid growth in corporate travel TTV and profits, given the strong pipeline of accounts won globally during the first half
- Continued cost-effective network expansion globally
- Greater contributions from recently acquired businesses, particularly StudentUniverse.com; and
- Stronger returns on the investments that have been made to develop new revenue streams, bring unique product ranges to market and to enhance sales and marketing

*While the acquired US leisure and wholesale businesses have traditionally performed strongly during the second half, first half results were below expectations, as were results in India. In line with normal business practice, FLT will continue to monitor these businesses' current and forecast performance to ensure intangible balances are appropriate.

DIRECTORS' REPORT continued

Review of operations and results (continued)

The company will also continue to develop a broader international footprint by opening in new cities within existing countries, exporting brands and, in some cases, starting or acquiring businesses in new countries.

After adding businesses in Malaysia and Mexico to its global network during the first half, FLT is currently considering opportunities on Continental Europe and in mainland China.

Expansion in China is a longer term opportunity and is likely to be via an acquisition or partnership with a local operator to give the company access to China's large outbound travel sector.

FLT's UK business will oversee European expansion, which is likely to be via corporate travel acquisitions in the short-term.

Other initiatives or enhancements that are on the way include:

- Aunt Betty - a new breed of online business, targeting the 25-45 demographic. Aunt Betty should be fully operational by June 30, 2016.
- Expansion of the BYOjet business in New Zealand and South Africa as well as fast-tracking sales growth in Australia. Last week, FLT acquired an additional 20% interest in BYOjet, taking its holding to 90%.
- Systems improvements via the CRM tool in Australia and Microsoft Dynamics' global roll-out as FLT's new finance platform; and
- The launch of Travel Money's Key To The World digital app during the fourth quarter. Key To The World will be available from Travel Money and via FLT's leisure brands. This will give customers access to itineraries, a prepaid currency card with ten currencies, travel insurance and travel phone and data SIM cards, all via a single user-friendly portal.

Last week, FLT also extended its relationship with travel insurance provider Covermore.

In addition to agreeing a new long-term deal, the companies will work together to pursue opportunities within FLT's businesses globally.

In line with the company's philosophies, FLT also plans to create more ownership opportunities for its people via the Business Ownership Scheme (BOS), and via various share plans that balance the company's use of short-term incentives.

The Global Employee Share Plan and the Long Term Retention Plan have been designed to drive greater share ownership and, therefore, further ensure that executives' interests are aligned with shareholders' interests for the long term.

Dividends – Flight Centre Travel Group Limited

FLT's directors today declared a 60.0 cents per share fully franked dividend payable on 14 April 2016 to shareholders registered on 24 March 2016. This represents a 51.9% 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 2014 was 55.0 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 reporting period

On 19 February 2016, FLT entered into further contracts with the non-controlling shareholders of BYOjet to further increase its shareholding to 90%. The financial impact of entering into these transactions has not yet been fully evaluated, and as a result, no changes have been presented to the original transaction which occurred on 21 December 2015.

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 12.

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
24 February 2016

AUDITOR'S INDEPENDENCE DECLARATION

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Auditor's independence declaration to the Directors of Flight Centre Travel Group Limited

As lead auditor for the review of Flight Centre Travel Group Limited for the half-year ended 31 December 2015 I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

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

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

Ernst & Young

Ernst & Young

Alison de Groot
Partner

24 February 2016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Half-year ended 31 December 2015 $'000	Half-year ended 31 December 2014 $'000
Revenue			
Revenue from the sale of travel services	3	1,254,634	1,084,722
Other revenue	3	15,088	18,117
Total revenue		1,269,722	1,102,839
Other income	4	9,731	7,840
Expenses			
Employee benefits		(689,226)	(594,753)
Sales and marketing		(107,801)	(93,254)
Rental expense relating to operating leases		(76,845)	(68,482)
Amortisation and depreciation		(30,987)	(25,755)
Finance costs		(13,085)	(12,532)
Share of profit / (loss) of joint ventures and associates accounted for using the equity method		993	153
Other expenses	5	(205,650)	(175,063)
Profit before income tax expense		156,852	140,993
Income tax expense		(40,164)	(40,679)
Profit attributable to members of FLT		116,688	100,314
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Changes in the fair value of available-for-sale financial assets		(182)	721
Net exchange differences on translation of foreign operations		6,610	38,465
Income tax on items of other comprehensive income		396	487
Other comprehensive income		6,824	39,673
Total comprehensive income for the year attributable to FLT		123,512	139,987

Earnings per share for profit attributable to the ordinary equity holders of the company:

		Cents	Cents
Basic earnings per share	10	115.7	99.7
Diluted earnings per share	10	115.7	99.6

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

	Notes	Half-year ended 31 December 2015 $'000	2014 $'000
Cash flows from operating activities			
Receipts from customers (including GST)		1,311,149	1,131,929
Payments to suppliers and employees (including GST)		(1,344,920)	(1,142,509)
Royalties received		224	294
Interest received		13,396	15,745
Interest paid		(13,785)	(14,202)
Income taxes paid		(62,786)	(59,349)
Net cash (outflow) from operating activities		(96,722)	(68,092)
Cash flows from investing activities			
Acquisition of subsidiaries and joint venture, net of cash acquired	2	(44,345)	(527)
Payments for property, plant and equipment		(47,547)	(34,881)
Payments for intangibles		(10,647)	(4,607)
Payments for the purchase of investments in available-for-sale assets		(39,000)	(20,000)
Proceeds from investments in available-for-sale assets		10,000	-
Distributions received from joint ventures		630	673
Loans advanced to related parties		(1,925)	-
Loans repaid by related parties		-	55
Net cash (outflow) from investing activities		(132,834)	(59,287)
Cash flows from financing activities			
Proceeds from borrowings		13,302	7,212
Repayment of borrowings		(25,411)	(23,993)
Proceeds from issue of shares		1,746	2,429
Dividends paid to company's shareholders	8	(97,817)	(97,670)
Net cash (outflow) from financing activities		(108,180)	(112,022)
Net increase / (decrease) in cash held		(337,736)	(239,401)
Cash and cash equivalents at the beginning of the half year		1,377,985	1,261,682
Effects of exchange rate changes on cash and cash equivalents		1,292	18,455
Cash and cash equivalents at end of the half year	6	1,041,541	1,040,736

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

BALANCE SHEET

	Notes	As at 31 December 2015 $'000	As at 30 June 2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents	6	1,041,990	1,377,985
Available-for-sale financial assets		104,486	75,661
Trade and other receivables		646,881	683,040
Current tax receivables		15,137	9,895
Inventories		1,750	1,789
Derivative financial instruments		-	4,330
Total current assets		1,810,244	2,152,700
Non-current assets			
Property, plant and equipment		219,633	196,300
Intangible assets	2	445,907	386,249
Investments accounted for using the equity method		14,898	13,905
Deferred tax assets		47,670	36,135
Other financial assets		4,711	2,677
Total non-current assets		732,819	635,266
Total assets		2,543,063	2,787,966
LIABILITIES			
Current liabilities			
Trade and other payables		809,120	990,500
Contingent consideration	11	5,825	12,304
Financial liabilities at fair value through profit or loss		316,012	384,039
Borrowings		21,224	32,806
Provisions		28,439	26,667
Current tax liabilities		161	6,184
Derivative financial instruments		1,678	-
Total current liabilities		1,182,459	1,452,500
Non-current liabilities			
Trade and other payables		26,005	22,668
Contingent consideration	11	11,956	6,420
Provisions		37,315	36,122
Deferred tax liabilities		114	135
Total non-current liabilities		75,390	65,345
Total liabilities		1,257,849	1,517,845
Net assets		1,285,214	1,270,121
EQUITY			
Contributed equity	9	397,449	395,677
Reserves		31,409	36,959
Retained profits		856,356	837,485
Total equity		1,285,214	1,270,121

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

STATEMENT OF CHANGES IN EQUITY

	For the half-year ended 31 December				
	Notes	Contributed equity $'000	Reserves $'000	Retained profits $'000	Total $'000
Balance at 1 July 2014		390,976	(27,218)	734,040	1,097,798
Profit for the half year		-	-	100,314	100,314
Other comprehensive income		-	39,673	-	39,673
Total comprehensive income for the half year		-	39,673	100,314	139,987
Transactions with owners in their capacity as owners:					
Employee share-based payments		2,608	164	-	2,772
Dividends provided for or paid	8	-	-	(97,670)	(97,670)
Balance at 31 December 2014		393,584	12,619	736,684	1,142,887
Balance at 1 July 2015		395,677	36,959	837,485	1,270,121
Profit for the half year		-	-	116,688	116,688
Other comprehensive income		-	6,824	-	6,824
Total comprehensive income for the half year		-	6,824	116,688	123,512
Transactions with owners in their capacity as owners:					
Employee share-based payments		1,772	304	-	2,076
Acquisition reserve - put/call options entered into as a result of business combinations	2	-	(12,678)	-	(12,678)
Dividends provided for or paid	8	-	-	(97,817)	(97,817)
Balance at 31 December 2015		397,449	31,409	856,356	1,285,214

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

NOTES TO THE FINANCIAL STATEMENTS

Significant matters in the current reporting period

The following significant events and transactions occurred during the half-year ended 31 December 2015:

Acquisitions

- On 18 December 2015, FLT acquired a 98.66% (with the remainder subject to squeeze-out provisions) interest in StudentUniverse.com (SU) for consideration of USD$28,000,000 ($39,227,000). SU is a Boston-based business with a strong technology platform and is a leading online travel booking service dedicated to the student and youth sector. The business offers its targeted demographic exclusive deals, including specially negotiated student airfares, and experiences via its websites and mobile apps. Refer to note 2(a) for further details.
- Other acquisitions that occurred during the period include Koch Overseas, AVMIN Pty Ltd, Worldwide Aviation Services (WAS), and BYOjet.com. Refer to note 2(b) for further details.

Other matters

- On 31 July 2015, FLT won its appeal in the long running competition law test case initiated against it by the ACCC in relation to alleged breaches of the Trade Practices Act 1974. The Full Court of the Federal Court of Australia overturned the judgment that was handed down against FLT in December 2013 and the ACCC was ordered to pay FLT's legal costs for both the initial case and for the subsequent appeal. The judgment in FLT's favour meant the $11,000,000 in penalties were repaid to the company (interest and costs yet to be paid), and the repayment of the penalties is included in the financial results for the half year ended 31 December 2015.

  On 28 August 2015, the ACCC launched a further appeal announcing that it would seek special leave from the High Court to appeal the decision of the Full Court of the Federal Court of Australia. The special leave application for the appeal will be heard on 11 March 2016. Refer to note 12 for further details.

1 Segment information

a) Basis of segmentation and measurement

The basis of segmentation and measurement of segment profit or loss has not changed since the 30 June 2015 annual financial statements.

b) Segment information presented to the board of directors and global task force

The segment information provided to the board and global task force for the reportable segments for the half-years ended 31 December 2015 and 31 December 2014 is shown in the following tables:

31 December 2015	Australia $'000	United States[4] $'000	United Kingdom $'000	Rest of World[5] $'000	Other Segment[3,6] $'000	Total $'000
TTV[1]	4,860,307	1,260,371	1,092,376	1,781,149	187,895	9,182,098
Total segment revenue	681,584	152,898	164,927	215,904	141,737	1,357,050
Inter-segment revenue	(55,782)	(8,962)	(8,650)	(13,934)	-	(87,328)
Revenue from external customers	625,802	143,936	156,277	201,970	141,737	1,269,722
Statutory EBITDA	139,935	(2,685)	28,036	10,882	11,807	187,975
Depreciation and amortisation	(18,318)	(2,257)	(3,771)	(5,592)	(1,049)	(30,987)
Statutory EBIT	121,617	(4,942)	24,265	5,290	10,758	156,988
Interest income	318	366	1,067	3,745	7,453	12,949
BOS interest expense	(8,722)	(11)	(1,443)	(1,607)	(623)	(12,406)
Other interest expense	(230)	(295)	(176)	(1,478)	1,812	(367)
Other non-material items	(306)	-	(11)	5	-	(312)
Net profit before tax and royalty	112,677	(4,882)	23,702	5,955	19,400	156,852
Royalty	3,513	-	(2,868)	(645)	-	-
Net profit before tax and after royalty	116,190	(4,882)	20,834	5,310	19,400	156,852
Reconciliation of Statutory EBIT to Adjusted EBIT						
Statutory EBIT	121,617	(4,942)	24,265	5,290	10,758	156,988
Interest income[2]	477	-	-	1,144	5,669	7,290
BOS interest expense	(8,722)	(11)	(1,443)	(1,607)	(623)	(12,406)
Net foreign exchange (gains) / losses on intercompany loans	-	15	-	-	(578)	(563)
ACCC penalties refund	-	-	-	-	(11,000)	(11,000)
Other non-material items	-	-	-	-	(693)	(693)
Adjusted EBIT / Segment Result	113,372	(4,938)	22,822	4,827	3,533	139,616
Shop numbers [1]	1,568	326	295	750	4	2,943

[1] TTV and shop numbers are un-audited, non-IFRS measures.

[2] Land wholesale interest only

[3] Other segment includes Brisbane-based support businesses that support the global network. It also includes individual businesses, not part of a larger group, that report directly to the Brisbane head office. Top Deck is included in the Other Segment as it reports to Travel Services, a global team based in the Brisbane head office.

[4] The results of the Koch Overseas acquisition are shown in the USA segment.

[5] The results of the Worldwide Aviation Services acquisition are shown in the Rest of World segment.

[6] The results of the AVMIN Pty Ltd acquisition are shown in the Other Segment.

1 Segment information (continued)

31 December 2014	Australia $'000	United States $'000	United Kingdom $'000	Rest of World $'000	Other Segment[3] $'000	Total $'000
TTV[1]	4,562,675	1,011,697	856,265	1,592,134	115,579	8,138,350
Total segment revenue	646,400	118,670	129,135	182,060	89,680	1,165,945
Inter-segment revenue	(58,805)	555	(8,008)	3,152	-	(63,106)
Revenue from external customers	587,595	119,225	121,127	185,212	89,680	1,102,839
Statutory EBITDA	134,402	(1,483)	23,646	13,760	(6,347)	163,978
Depreciation and amortisation	(15,880)	(1,344)	(2,745)	(5,004)	(782)	(25,755)
Statutory EBIT	118,522	(2,827)	20,901	8,756	(7,129)	138,223
Interest income	1,023	148	758	2,957	10,416	15,302
BOS interest expense	(7,640)	78	(1,070)	(1,582)	(598)	(10,812)
Other interest expense	(432)	(210)	(153)	(1,841)	1,083	(1,553)
Other non-material items	(157)	-	(9)	(2)	1	(167)
Net profit before tax and royalty	111,316	(2,811)	20,427	8,288	3,773	140,993
Royalty	11,942	-	(9,364)	(2,578)	-	-
Net profit before tax and after royalty	123,258	(2,811)	11,063	5,710	3,773	140,993
Reconciliation of Statutory EBIT to Adjusted EBIT						
Statutory EBIT	118,522	(2,827)	20,901	8,756	(7,129)	138,223
Interest income[2]	620	-	-	1,091	6,103	7,814
BOS interest expense	(7,640)	78	(1,070)	(1,582)	(598)	(10,812)
Net foreign exchange (gains) / losses on intercompany loans	-	-	(25)	-	(848)	(873)
Other non-material items	(624)	(3)	-	(2)	567	(62)
Adjusted EBIT / Segment Result	110,878	(2,752)	19,806	8,263	(1,905)	134,290
Shop numbers [1]	1,465	303	277	711	3	2,759

[1] TTV and shop numbers are un-audited, non-IFRS measures.

[2] Land wholesale interest only

[3] Other segment includes Brisbane-based support businesses that support the global network. It also includes individual businesses, not part of a larger group, that report directly to the Brisbane head office. Top Deck is included in the Other Segment as it reports to Travel Services, a global team based in the Brisbane head office.

2 Business combinations

a) Current year acquisitions

StudentUniverse.com

(i) Summary of acquisition

On 18 December 2015, FLT acquired a 98.66% interest (with the remainder subject to squeeze-out provisions) in StudentUniverse.com (SU) for consideration of USD$28,000,000 ($39,227,000). SU is a Boston-based business with a strong technology platform and is a leading online travel booking service dedicated to the student and youth sector. The business offers its targeted demographic exclusive deals, including specially negotiated student airfares, and experiences via its websites and mobile apps. As at 31 December 2015, FLT has been able to demonstrate control in accordance with AASB 10 *Consolidated Financial Statements*.

Due to the size and timing of the SU acquisition it has not been possible to complete the necessary work on purchase price accounting. FLT is still in the process of reviewing the acquisition date balance sheet, to ensure accounting policies are aligned and any due diligence adjustments are appropriately included/excluded. In addition to this FLT has engaged a valuation specialist to value the various intangible assets, including but not limited to software, brand names and customer relationships, that are embedded in the SU business. The valuation is progressing but is not complete.

Details of the purchase consideration, the net assets acquired and provisional goodwill are as follows:

Purchase consideration	As at acquisition date $'000
Cash paid	39,227
Contingent consideration	5,958
Total purchase consideration	**45,185**

The assets and liabilities provisionally recognised as a result of the acquisition are as follows:

Fair value of net identifiable assets acquired	6,475
Goodwill arising on acquisition*	38,710
Net assets acquired	**45,185**

* Goodwill arising on acquisition is provisional as a valuation of acquired intangible assets is in progress.

Revenue and profit contribution

Had the acquisition occurred on 1 July 2015, revenue and profit contributions for the half year ended 31 December 2015 would have been $10,231,000 and $1,082,000 respectively.

SU will be reported within the USA segment (note 1(b)). There is no profit impact recorded for the half year ended 31 December 2015, as the 13 days of trading is not considered material.

(ii) Purchase consideration – cash outflow

	As at acquisition date $'000
Cash consideration	39,227
Less: balances acquired	(9,920)
Total outflow of cash – investing activities	**29,307**

2 Business combinations (continued)

(iii) Assets and liabilities acquired

FLT has provisionally recognised the fair values of SU's identifiable assets and liabilities at acquisition date, based upon the best information available at the reporting date and may change as more information becomes available. The assets and liabilities provisionally recognised as a result of the acquisition are as follows:

	As at acquisition date $'000
Cash and cash equivalents	9,920
Trade and other receivables	661
Other assets	13
Intangible assets	786
Property, plant and equipment	2,256
Deferred tax assets	1,030
Trade and other payables	(8,178)
Other liabilities	(13)
Total assets and liabilities acquired	6,475

(iv) Contingent consideration - earn out

Contingent consideration of USD4,253,000 ($5,825,000) was accrued within current contingent consideration for the half year ended 31 December 2015 to be paid to the shareholders. The potential undiscounted amount payable under the agreement was between nil and USD6,200,000 ($8,493,000) and was based on a multiple of final full-year December 2016 audited consolidated EBITDA results of SU. The financial liability related to the fair value of the contingent consideration was recorded in current financial liabilities at the date of acquisition, and subsequent changes in fair value will be recorded through the statement of profit or loss and other comprehensive income.

(v) Acquisition costs

Acquisition related costs of $1,437,000 have been recognised in the statement of profit or loss and other comprehensive income (other expenses) and in operating cash flows in the statement of cash flows (payments to suppliers and employees).

(vi) Goodwill

The goodwill, once finalised, will represent the value to FLT of obtaining instant access to an online travel agency and youth market which enables FLT to enter new markets with an established business name that has a strong reputation and market presence.

2 Business combinations (continued)

b) Other current year acquisitions

(i) Summary of acquisitions

On 17 July 2015, FLT completed the acquisition of the corporate travel business Koch Overseas based in Mexico City for consideration of USD$1,400,000 ($1,877,000) for 100% ownership. Prior to the acquisition Koch Overseas was part of the global FCM Travel Solutions travel management licensee network that FLT created in 2004. The acquired business will continue to operate as Koch Overseas trading under FCM Travel Solutions Mexico and will compliment FLT's existing corporate travel business in North America.

On 30 October 2015, FLT acquired a 51% interest in AVMIN Pty Ltd, a Brisbane-based private company for consideration of $1,224,000. AVMIN specialises in complete fly-in fly-out (FIFO) logistics, ad hoc charter aircraft, VIP travel, sporting and conference group charters and air freight services, both within Australia and internationally. The acquisition gives FLT access to a new and profitable revenue stream that significantly enhances the offering FLT provides to corporate and leisure travellers. As at 31 December 2015, FLT has been able to demonstrate control in accordance with AASB 10 *Consolidated Financial Statements*.

On 16 November 2015, FLT acquired a 40% interest in Worldwide Aviation Services, a small Malaysia-based corporate travel business for consideration $297,000. WAS has become part of the FCM Travel Solutions corporate travel management network that FLT created in 2004. FLT's investment in WAS gives the company an equity presence in a key corporate travel hub; a platform for market entry into the SME corporate travel sector; an opportunity to expand in the marine and energy sector; and greater control over the FCM customer offering in Malaysia. FLT has consolidated 100% of WAS into its results for 31 December 2015. FLT has entered into a number of contracts at a holding company level (directly above WAS) which, in accordance with AASB 10 *Consolidated Financial Statements*, enables it to have full control.

On 21 December 2015, FLT acquired a 70% interest in the BYOjet.com business for consideration of $2,520,000. BYOjet.com is an emerging online travel agency that specialises in low cost airfares. In addition to selling airfares and other travel products via BYOjet.com, the acquired business generates additional revenue by offering its JETMAX booking system as a white-label technology product. As at 31 December 2015, FLT has been able to demonstrate control in accordance with AASB 10 *Consolidated Financial Statements*. On 19 February 2016, FLT acquired a further 20% interest in BYOjet, taking its total holding in the company to 90%.

FLT has provisionally recognised the fair values of identifiable assets and liabilities at acquisition date, based upon the best information available at the reporting date and may change as more information becomes available or as a result of audit procedures.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Aggregate purchase consideration	Notes	As at acquisition date $'000
Cash paid		5,918
Contingent consideration	2(iv)	6,176
Total aggregate purchase consideration		12,094

The assets and liabilities provisionally recognised as a result of the acquisition are as follows:

Fair value of net identifiable assets acquired	277
Goodwill arising on acquisition	5,641
Net aggregate assets acquired	5,918

Aggregate revenue and profit contribution

Had the acquisitions occurred on 1 July 2015, revenue and loss contributions for the half year ended 31 December 2015 would have been $6,668,000 and $980,000 respectively.

2 Business combinations (continued)

(ii) Aggregate purchase consideration – cash outflow

	As at acquisition date $'000
Cash consideration	5,918
Less: balances acquired	(3,968)
Total aggregate outflow of cash – investing activities	**1,950**

(iii) Aggregate assets and liabilities acquired

FLT has provisionally recognised the fair values of the identifiable assets and liabilities at acquisition date, based upon the best information available at the reporting date and may change as more information becomes available. The assets and liabilities provisionally recognised as a result of the acquisitions are as follows:

	As at acquisition date $'000
Cash and cash equivalents	3,968
Trade and other receivables	3,988
Prepayments	1,102
Other assets	482
Property, plant and equipment	436
Intangible assets	2,089
Deferred tax assets	211
Trade and other payables	(10,327)
Current tax liabilities	(42)
Loans	(659)
Provisions	(971)
Total aggregate assets and liabilities acquired	**277**

(iv) Contingent consideration - symmetrical put and call options

Concurrent with the acquisition of BYOjet and AVMIN, FLT entered into a call option over the non-controlling shareholder's 30% interest in BYOjet and 49% interest in AVMIN, and the non-controlling shareholders entered into a corresponding put option. These options are exercisable after three years for BYOjet and five years for AVMIN from the acquisition date. The settlement amount is based on a multiple of each company's full-year audited results for the year in which the option is exercised.

The financial liability related to the put option for both BYOjet ($5,096,000) and AVMIN ($1,080,000) has been recorded as part of non-current contingent consideration. The fair value of this liability has been estimated by discounting the value of future expected cash flows for the settlement of the put and call options at a discount rate of 2.0% for BYOjet and 2.1% for AVMIN. The expected cashflows are based on the probability-adjusted EBITDA of each company of between $1,740,000 and $4,900,000 (BYOjet); $398,000 and $834,000 (AVMIN) at the expected date of exercise. Any changes in the fair value of these liabilities, except for termination of the options, are recorded through the statement of profit or loss or other comprehensive income.

2 Business combinations (continued)

At 31 December 2015, the group holds 70% of BYOjet and 51% of AVMIN equity. The put and call option liabilities which exist with the owners of the non-controlling shareholders in each company 30% and 49% respectively, have been recognised in the acquisition reserve of the parent entity.

(v) Acquisition costs

Acquisition related costs of $467,000 have been recognised in the statement of profit or loss and other comprehensive income (other expenses) and in operating cash flows in the statement of cash flows (payments to suppliers and employees).

(vi) Goodwill

The goodwill in each of these acquisitions is attributable to instant access to an established market and expected synergies from combining businesses.

c) Prior year acquisition - Top Deck Tours Limited

Summary of acquisition

On 27 August 2014, FLT acquired a 90% holding of Top Deck Tours Limited (TDT), an unlisted company based in the United Kingdom and specialising in tour operations. The acquisition allows FLT to expand its move from travel agent to world class travel retailer and allows for greater control of its product offering. The consideration paid included an element of contingent consideration. Refer below for adjustments to the related liability during the period.

Contingent consideration - Earn out

Contingent consideration of £3,744,000 ($7,675,000) was accrued within current contingent consideration at the year ended 30 June 2015 to be paid to the shareholders. The potential undiscounted amount payable under the agreement was between £nil and £3,744,000 ($7,675,000) and was based on a multiple of final full-year October 2014 audited consolidated EBITDA results of TDT. Based on the audited TDT results for the fiscal year ended 31 October 2014, the maximum amount of contingent consideration was earned. The financial liability related to the fair value of the contingent consideration was recorded in current financial liabilities at the date of acquisition, and subsequent changes in fair value were recorded through profit or loss.

Upon confirmation of final TDT earnings, subsequent to 30 June 2015, the maximum earn-out amount, the working capital liability, and the final retention payment was paid to the shareholders at an AUD equivalent of $12,308,000. The difference between the amount paid and what was recorded as purchase consideration reflects a movement in foreign exchange rates.

Contingent consideration - Symmetrical put and call options

Concurrent with the acquisition, FLT entered into a call option over the non-controlling shareholder's 10% interest in TDT, and the non-controlling shareholder entered into a corresponding put option. These options are exercisable after two years from the acquisition date. The settlement amount is based on a multiple of TDT's full-year audited TDT results for the year in which the option is exercised.

The financial liability related to the put option has been recorded as part of non-current contingent consideration. The fair value of this liability has been estimated by discounting of future expected cash flows for the settlement of the put and call options at a discount rate of 2.0% The expected cashflows are based on the probability-adjusted TDT EBITDA of between £5,200,000 and £5,700,000 at the expected date of exercise. Any changes in the fair value of this liability are recorded through the statement of profit or loss or other comprehensive income.

2 Business combinations (continued)

d) Reconciliation of intangible assets movements

	Goodwill $'000	Brand names and customer relationships $'000	Internally generated and other intangible assets $'000	**Total $'000**
Balance at 1 July 2015	339,579	23,834	22,836	386,249
Additions	-	-	10,649	10,649
Acquisitions	42,172	-	3,114	45,286
Disposals	-	-	(55)	(55)
Amortisation	-	-	(4,348)	(4,348)
Exchange differences	8,173	(6)	(41)	8,126
Balance at 31 December 2015	389,924	23,828	32,155	445,907

3 Revenue

Revenue from the sale of travel services	Half-year ended 31 December 2015 $'000	Half-year ended 31 December 2014 $'000
Commission and fees from the provision of travel	903,186	791,865
Revenue from the provision of travel	271,346	249,238
Revenue from tour operations	24,672	7,715
Other revenue from travel services [1]	55,430	35,904
Total revenue from the sale of travel services	1,254,634	1,084,722

Other revenue		
Rents and sub-lease rentals	1,920	2,583
Interest	12,949	15,302
Royalties	219	232
Total other revenue	15,088	18,117

[1] Other revenue from travel services includes the ACCC penalties refund of $11,000,000 received during the half year period.

Accounting policy

The group recognises revenue when:

- *The amount of revenue can be reliably measured*
- *It is probable that future economic benefits will flow to the entity; and*
- *Specific requirements have been met for each of the group's activities*

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the sale of travel services is recognised as set out below.

Revenue from the sale of travel services

Revenue from the sale of travel services is recorded when travel documents are issued, consistent with an agency relationship.

Revenue relating to volume incentives is recognised at the amount receivable when annual targets are likely to be achieved.

Revenue from tour operations is derived from the Top Deck Tours Limited and Back Roads Touring Co. Limited companies. It is recognised upon tour departure, net of associated cost of sales.

4 Other income

	Half-year ended	
	31 December 2015 $'000	31 December 2014 $'000
Net foreign exchange gains – realised	9,731	-
Net foreign exchange gains – unrealised	-	7,840
Total other income	9,731	7,840

5 Other expenses

	Half-year ended	
	31 December 2015 $'000	31 December 2014 $'000
Other occupancy costs	31,917	28,187
Consulting fees	30,462	24,513
Communication and IT	36,972	34,287
Net foreign exchange losses - realised	-	4,030
Net foreign exchange losses - unrealised	6,435	-
Other expenses	99,864	84,046
Total other expenses	205,650	175,063

6 Cash and cash equivalents

	As at 31 December 2015 $'000	As at 30 June 2015 $'000
General cash at bank and on hand	429,809	564,730
Client cash	612,181	813,255
Total cash and cash equivalents	1,041,990	1,377,985
Reconciliation to Statement of Cash Flows		
Cash and cash equivalents	1,041,990	1,377,985
Bank overdraft	(449)	-
Balance per Statement of Cash Flows	1,041,541	1,377,985

FLT's total funds under management as at 31 December 2015 are $1,146,476,000 (30 June 2015: $1,453,646,000). This represents cash and cash equivalents as well as available-for sale financial assets.

NOTES TO THE FINANCIAL STATEMENTS continued

7 Net debt

	Notes	As at 31 December 2015 $'000	As at 30 June 2015 $'000
Net debt			
General cash at bank and on hand	6	429,809	564,730
Less			
Borrowings – current		21,224	32,806
Positive net debt [1]		408,585	531,924

FLT is currently in a positive net debt position.

[1] Net debt = General cash – (Current + Non-current Borrowings). The calculation excludes client cash and related available-for-sale (AFS) financial assets.

8 Dividends

Overview

When determining dividend returns to shareholders, FLT's board considers a number of factors, including the company's anticipated cash requirements to fund its growth and operational plans and current and future economic conditions.

While payments may vary from time to time, according to these anticipated needs, FLT aims to return to shareholders approximately 50 - 60% of net profit after income tax (NPAT).

The proposed interim dividend has been declared taking into account traditional seasonal cashflows, anticipated cash outflows and the one-off profit items.

The interim dividend payment represents a $60,524,000 (2014: $55,438,000) return to shareholders, 51.9% (2014: 55.2%) of FLT's statutory NPAT. It represents 57.3% (2014: 56.8%) of FLT's underlying NPAT[1].

	Half-year ended	
	31 December 2015 $'000	31 December 2014 $'000
Ordinary shares		
Final fully franked ordinary dividend for the year ended 30 June 2015 of 97.0 cents (2014: 97.0) per fully paid share.	97,817	97,670
Dividends not recognised at the end of the half year		
Since half-year end, the directors have recommended an interim dividend of 60.0 cents (2014: 55.0 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 14 April 2016 out of retained profits at 31 December 2015, but not recognised as a liability at the end of the half year is:	60,524	55,438

[1] December 2015 underlying NPAT excludes the ACCC penalties refund of $11,000,000. December 2014 underlying NPAT excludes $3,384,000 Top Deck PBT and associated foreign exchange.

9 Contributed equity

Overview

The movements in contributed equity during the period related to shares issued under the ESP.

This reinforces the importance that FLT places on ownership to drive business improvement and overall results.

Reconciliation of ordinary share capital:

The following reconciliation summarises the movements in issued capital during the period.

Issues of a similar nature have been grouped and the issue price shown is the weighted average. Detailed information on each issue of shares is publicly available via the ASX.

Details	Number of authorised shares	Weighted average issued price	$'000
Opening balance – 1 July 2014	100,571,642		390,976
Employee Share Plan	35,133	$41.49	1,458
Employee Share Plan Matched Shares	2,436	$0.00	-
Senior Executive Option Plan	115,000	$10.00	1,150
Senior Executive Performance Rights Plan	1,500	$0.00	-
Closing Balance – 31 December 2014	100,725,711		393,584
Opening Balance – 1 July 2015	100,822,383		395,677
Employee Share Plan	49,543	$35.77	1,772
Employee Share Plan Matched Shares	2,037	$0.00	-
Closing Balance – 31 December 2015	100,873,963		397,449

10 Earnings per share

Overview

Statutory earnings per share (EPS) reached 115.7 cents (2014: 99.7 cents), up 16.1% (2014: down 9.6%) on the prior comparative period. At an underlying level[1], EPS increased 8.0% (2014: decreased 6.9%) to 104.8 cents (2014: 97.0 cents).

	Half-year ended	
	31 December 2015 Cents	31 December 2014 Cents
Basic earnings per share		
Profit attributable to the ordinary equity holders of the company	115.7	99.7
Diluted earnings per share		
Profit attributable to the ordinary equity holders of the company	115.7	99.6
Reconciliations of earnings used in calculating earnings per share	$'000	$'000
Profit attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	116,688	100,314
Weighted average number of shares used as the denominator	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	100,845,363	100,652,651
Adjustments for calculation of diluted earnings per share:		
Options and rights	-	100,908
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	100,845,363	100,753,559

[1] Underlying EPS is an un-audited, non-IFRS measure. Refer to note 8 for breakdown of underlying NPAT used in the calculation of underlying EPS.

11 Fair value measurement of financial instruments

(a) Fair value hierarchy

Available-for-sale financial assets, derivative financial instruments and financial liabilities at fair value through profit or loss balances, other than contingent consideration, as stated in the consolidated balance sheet are classified as Level 2 (2014: Level 2) under the fair value measurement hierarchy. Contingent consideration established as a result of business combinations is classified as Level 3 (2014: Level 3). The valuation techniques are described below:

Available-for-sale financial assets

The group has investments in unlisted debt securities. Fair values of these debt securities are determined by reference to price quotations in a non-active market for identical assets. The assets are not heavily traded.

Derivative financial instruments - forward foreign exchange contracts

Forward foreign exchange contracts are measured based on observable forward foreign exchange rates, and the retrospective currencies' yield curves, as well as the currency basis spreads between the respective currencies.

Financial liabilities at fair value through profit or loss - client creditors

The client creditor balances that will be settled in a foreign currency are measured based on observable forward exchange rates, the respective currencies yield curves and the respective currencies' basis spreads.

Contingent consideration

The valuation technique and key inputs is discussed in note 2 and the fair value of the contingent consideration is outlined below.

Reconciliation of Level 3 contingent consideration:

	Contingent consideration $'000
Opening balance 1 July 2015	18,724
New business combinations	12,134
Payment of contingent consideration	(12,308)
(Gains) / losses recognised in the statement of profit or loss and other comprehensive income	(769)
Closing balance 31 December 2015	17,781
Current contingent consideration	5,825
Non-current contingent consideration	11,956
Total contingent consideration	17,781

(b) Fair values of other financial instruments

The group also has a number of financial instruments which are not measured at fair value in the balance sheet.

The carrying amount of the group's non-current receivables, and current and non-current borrowings, approximates their fair values, as commercial rates of interest are earned and paid respectively and the impact of discounting is not significant.

The carrying amount of cash, current receivables and current payables are assumed to approximate their fair value due to their short term nature.

12 Contingent assets and liabilities

ACCC competition law test case

Current status

On 31 July 2015, FLT won its appeal in the long running competition law test case initiated against it by the ACCC in relation to alleged breaches of the Trade Practices Act 1974. The Full Court of the Federal Court of Australia overturned the judgment that was handed down against FLT in December 2013 and the ACCC was ordered to pay FLT's legal costs for both the initial case and for the subsequent appeal. The judgment in FLT's favour meant the $11,000,000 in penalties were repaid to the company (interest and costs yet to be paid), and the repayment of the penalties is included in the financial results for the half year ended 31 December 2015.

On 28 August 2015, the ACCC launched a further appeal announcing that it would seek special leave from the High Court to appeal the decision of the Full Court of the Federal Court of Australia. The special leave application for the appeal will be heard on 11 March 2016.

Background

The case was initially heard in October 2012 and judgment was delivered in the ACCC's favour in December 2013. A subsequent penalty hearing concluded in February 2014, with $11,000,000 in penalties imposed by the Federal Court, that FLT paid in May 2014, and this was reflected in the 2013/14 results.

General contingencies

FLT is a global business and from time to time in the ordinary course of business it receives enquiries from various regulators and government bodies. FLT cooperates fully with all enquiries and these enquiries do not require disclosure in their initial state, however should the company become aware that an enquiry is developing further, appropriate disclosure is made in accordance with the relevant accounting standards.

The group had no other material contingent assets or liabilities.

13 Events occurring after the end of the reporting period

On 19 February 2016, FLT entered into further contracts with the non-controlling shareholders of BYOjet to further increase its shareholding to 90%. The financial impact of entering into these transactions has not yet been fully evaluated, and as a result, no changes have been presented to the original transaction which occurred on 21 December 2015.

On 24 February 2016, FLT's directors declared a dividend for the year ended 31 December 2015. Refer to note 8 for details.

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

14 Basis of preparation and changes to the Group's accounting policies

(a) Basis of preparation

This general purpose financial report for the interim half-year reporting period ended 31 December 2015 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by Flight Centre Travel Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and *ASX Listing Rules*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

(b) New accounting standards and interpretations

New or amended standards that became applicable to FLT for the first time for the 31 December 2015 interim half-year report did not result in a change to the group's accounting policies or require any retrospective adjustments.

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2015 reporting period, as outlined below:

AASB 9 Financial Instruments

AASB 9 addresses classification, measurement and derecognition of financial assets and financial liabilities. Since December 2013, it also sets out new rules for hedge accounting.

The effective date of this standard has been revised from 1 January 2015 to 1 January 2018, however it is available for early adoption. FLT have elected to early adopt this standard from 1 January 2016 to reduce volatility in the statement of profit or loss and other comprehensive income with its planned implementation of hedge accounting in the Flight Centre Global Product (FCGP) business at this point in time.

Early adoption of this standard has no impact on the 31 December 2015 interim half-year report.

AASB 15 Revenue from Contracts with Customers

AASB 15 *Revenue from Contracts with Customers* was issued by the AASB in December 2014 and replaces virtually all revenue recognition requirements, including those as set out in AASB 118 Revenue. The standard contains a single model that applies to all revenue arising from contracts, unless the contracts are in the scope of other standards (eg. leases). The standard also provides a model for the measurement and recognition of gains and losses on the sale of certain non-financial assets.

In September 2015, the IASB deferred the effective date of IFRS 15 (the international equivalent of AASB 15) from 1 January 2017 to 1 January 2018. Consistent with the IASB, the AASB also deferred the effective date of AASB 15 from 1 January 2017 to 1 January 2018, with early adoption permitted. FLT does not intend to adopt the standard before its operative date, which means that it will be applied in the reporting period ending 30 June 2019.

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 *Leases*. The standard removes the classification of leases as either operating leases or finance leases for the lessee, effectively treating all leases as finance leases. Short-term leases (less than 12 months) and leases of low-value assets are exempt from the lease accounting requirements. There are also changes in accounting over the life of the lease. Lessor accounting will remain similar to current practice.

The new standard will be effective for annual reporting periods beginning on or after 1 January 2019, which means that it will be applied in the reporting period ending 30 June 2020. IFRS 16 has not yet been adopted by the AASB.

There are no other standards that are not yet effective that have been early adopted, or expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Flight Centre Travel Group Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of Flight Centre Travel Group Limited for the half-year ended 31 December 2015 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

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

On behalf of the board

G.F. Turner

Director
24 February 2016

INDEPENDENT AUDITOR'S REVIEW REPORT

Building a better working world

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To the members of Flight Centre Travel Group Limited

Report on the half-year financial report

We have reviewed the accompanying half year financial report of Flight Centre Travel Group Limited, which comprises the consolidated balance sheet as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows, and the consolidated statement of changes in equity 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 period.

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 as 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 2015 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 Travel Group 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.

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 Travel Group 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 2015 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

Ernst & Young

Alison de Groot
Partner
Brisbane
24 February 2016