

MEDIA RELEASE AND STATEMENT TO AUSTRALIAN STOCK EXCHANGE

FLIGHT CENTRE LIMITED ENTERS CHINESE JOINT VENTURE

FLIGHT Centre Limited has boosted its global business travel operation after entering into a 50 per cent joint venture with Chinese company China Comfort Travel Co Ltd.

The two companies have today joined forces in a Beijing and Shanghai-based business travel operation to be known as Flight Centre-Comfort Business Travel Service Co. Ltd.

Flight Centre has acquired the stake held by China Comfort's previous foreign joint venture partner Rosenbluth International Inc, after initially entering into a short-term management arrangement after Rosenbluth's departure. This departure was brought about by American Express's takeover of Rosenbluth International in 2003 and presented Flight Centre with a unique opportunity to develop a presence in a key corporate travel market.

Flight Centre Limited chairman Norman Fussell said the joint venture provided the company with a strategic opportunity to enter China's rapidly growing corporate travel market through an established and operating vehicle.

Mr Fussell said China had become a key link in the global business travel market with corporate clients now expecting their travel provider to have a presence in the country.

He said Flight Centre's Corporate Division would assume day-to-day management, systems and financial control of the joint venture, with China Comfort, the country's third largest international travel group, contributing local expertise and knowledge.

"Our partner in this joint venture, the China Comfort company, is a large and successful operation and we look forward to a long and mutually beneficial relationship," he said.

"We are aware of the challenges associated with successful entry into the Chinese market and, through our involvement with the JV over the past six months, have a broad knowledge of its operations and what will be required to develop a successful business.

“We believe this is the ideal way to enter the market, rather than establishing a greenfields operation, as we will enjoy immediate access to the travel business of both western and Chinese companies.”

The joint venture has operations in Beijing and Shanghai and a strong client base of local and multi national companies. It will also work with China Comfort’s extensive network of leisure-orientated travel agencies.

The deal will see Flight Centre pay \$USD1.25 million to China Comfort, with each joint venture partner contributing \$USD750,000 of equity into the business.

The business has projected annual total transaction value of \$AUD19 million for the 2003-2004 fiscal year.

Flight Centre aims to grow the business by introducing new travel management systems, skills and experience, new efficiencies and working with China Comfort to procure new clients. The joint venture is not expected to contribute to Flight Centre Limited’s profit in the short-term because of the initial costs of further developing the business.

The joint venture is Flight Centre Limited’s second strategic investment in Asia, following the acquisition of Hong Kong-based American International Travel in August 2002.

Flight Centre Limited global corporate division general manager Anthony Grigson said the move would significantly boost the company’s presence in the Asia-Pacific region.

“This is a strategic investment that will enable us to provide a complete business travel service for local and foreign companies in China and deliver an improved service for our existing clients with operations in the country,” he said.

“In addition, having a presence in the key China market will enhance our company’s overall ability to procure new global corporate travel accounts.

“China is a strategic link for our corporate and retail businesses worldwide. More and more we are called on to provide services to our customers worldwide in China.”

ENDS Media enquiries to Norman Fussell 0419 772063 or Anthony Grigson 0401 992008

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