QANTAS AIRWAYS LIMITED AND ITS CONTROLLED ENTITIES

PRELIMINARY FINAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

ABN: 16 009 661 901

ASX CODE: QAN

Table of Contents

Results for Announcement to the Market

Qantas Airways Limited (Qantas) and its controlled entities (the Qantas Group or Group) Results for Announcement to the Market are detailed below.

	June 2019 $M	June 2018 (restated) $M	Change $M	Change %
Revenue and other income	17,966	17,128	838	4.9%
Statutory profit after tax	891	953	(62)	(6.5%)
Statutory profit after tax attributable to members of Qantas	891	953	(62)	(6.5%)
Underlying profit before tax	1,302	1,565	(263)	(16.8%)

DIVIDENDS AND OTHER SHAREHOLDER DISTRIBUTIONS

	Amount per Ordinary Share cents	Franked Amount per Ordinary Share cents	Dividend Declared $M	Payment Date
2019 final dividend	13.0	13.0	204	September 2019
2019 interim dividend	12.0	12.0	195	March 2019
2018 final dividend	10.0	10.0	168	October 2018

(A) Dividends declared and paid

In August 2019, the Directors declared a fully franked final dividend of 13 cents per ordinary share totalling $204 million. The record date for determining entitlements to the final dividend is 3 September 2019. The dividend will be paid on 23 September 2019.

During the year ended 30 June 2019, the Group paid two fully franked dividends of ten and twelve cents per ordinary share totalling $363 million ($168 million on 10 October 2018 and $195 million on 28 March 2019).

(B) Other shareholder distributions

In August 2019, the Directors announced an off-market share buy-back. The Qantas Group has the ability to purchase a maximum of 79.7 million shares without shareholder approval.

During the year ended 30 June 2019, the Group completed the on-market share buy-back of $332 million announced in August 2018 and the on-market share buy-back of $305 million announced in February 2019. The Group purchased a total of 113 million ordinary shares for $637 million at a weighted average share price of $5.63.

EXPLANATION OF RESULTS

Please refer to the Review of Operations for an explanation of the results.
The information provided in this report contains all the information required by ASX Listing Rule 4.3A.

Other Information

		June 2019	June 2018 (restated)[1]
Net assets per ordinary share[2]	$	2.19	2.35
Net tangible assets per ordinary share[2]	$	1.95	2.23
Basic earnings per share (Statutory Earnings per share)[3]	cents	54.6	54.4
Diluted earnings per share[3]	cents	54.4	54.0
Underlying Earnings per share[4]	cents	56.2	63.0

1 The Group adopted AASB 15 *Revenue from Contracts with Customers* effective 1 July 2017 using the full retrospective method of adoption. The comparative period presented above has been restated. Refer to Note 10 for further information.
2 Based on number of shares outstanding at the end of the period.
3 Based on the weighted average number of shares outstanding during the period.
4 Underlying Earnings per share is calculated as Underlying Profit Before Tax less tax expense (based on the Group's effective tax rate of 29.6% (2018: 29.5%) divided by the weighted average number of shares outstanding during the period.

Other Information (continued)

ENTITIES OVER WHICH CONTROL, JOINT CONTROL OR SIGNIFICANT INFLUENCE WAS GAINED OR LOST DURING THE YEAR

The Qantas Group disposed of/deregistered the following entities during the year:

Q Catering Limited (disposed of on 31 October 2018)

Qantas Catering Group Limited (disposed of on 31 October 2018)

Snap Fresh Pty Limited (disposed of on 31 October 2018)

QF A320 2014 No.1 Pty Limited (deregistered on 13 January 2019)

QF A320 2014 No.2 Pty Limited (deregistered on 13 January 2019)

QF A320 2014 No.3 Pty Limited (deregistered on 13 January 2019)

QF A320 2014 No.4 Pty Limited (deregistered on 13 January 2019)

OWNERSHIP INTEREST IN INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

	June 2019 %	June 2018 %
Fiji Resorts Limited	21	21
Hallmark Aviation Services L.P.	49	49
HT & T Travel Philippines, Inc.	28	28
Holiday Tours and Travel (Thailand) Ltd.	37	37
Holiday Tours and Travel Vietnam Co. Ltd.	37	37
Holiday Tours and Travel (GSA) Ltd.	37	37
Helloworld Travel Limited.[1]	15	17
Jetstar Japan Co. Ltd.	33	33
Jetstar Pacific Airlines Aviation Joint Stock Company	30	30
PT Holidays Tours & Travel	37	37

1 The Group's shareholding reduced to 15.4% following the sale of 2 million shares on 28 September 2018 at $5.50 per share.

ASIC GUIDANCE

To comply with Regulatory Guide 230 issued by ASIC in December 2011, Qantas is required to make a clear statement about whether information disclosed in documents other than the financial report has been audited or reviewed in accordance with Australian Auditing Standards.

The Preliminary Final Report has been prepared in accordance with ASX Listing Rule 4.3A and has been derived from the unaudited Annual Financial Report. In line with previous years and in accordance with the *Corporations Act 2001*, the Preliminary Final Report is unaudited and contains disclosures which are extracted or derived from the Annual Financial Report for the year ended 30 June 2019. The Annual Financial Report is being audited and is expected to be made available on 30 August 2019.

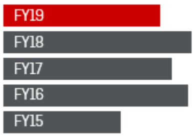
Review of Operations

For the year ended 30 June 2019

RESULT HIGHLIGHTS

Underlying Profit Before Tax

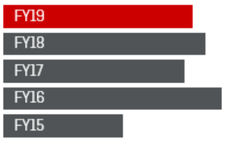
1,302 $M



FY19	**1,302**
FY18	1,565
FY17	1,401
FY16	1,532
FY15	975

Statutory Profit After Tax

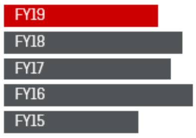
891 $M



FY19	**891**
FY18	953
FY17	853
FY16	1,029
FY15	560

Return on Invested Capital

18.4 %



FY19	**18.4%**
FY18	21.4%
FY17	20.1%
FY16	22.7%
FY15	16.2%

The Qantas Group (the Group) applied AASB 15 *Revenue from Contracts with Customers* from 1 July 2018. The results for the 12 months ended 30 June 2018 have been restated on the same basis for comparison.

The Qantas Group reported an Underlying Profit Before Tax[1] (Underlying PBT) of $1,302 million for the 12 months ended 30 June 2019, a decrease of $263 million from the record set in 2017/18. The Group's Statutory Profit Before Tax of $1,265 million was down $87 million from the prior year. The Statutory Profit Before Tax for this financial year included a net $37 million of costs which were not included in Underlying PBT. Items Outside Underlying PBT included costs such as those associated with transformation and discretionary non-executive employee bonuses which were mostly offset by the net gains on the sale of the catering business and the Melbourne Airport Domestic Terminal assets, as well as the reversal of the impairment of an associate, Helloworld Travel Ltd. This compares with $213 million of costs which were not included in Underlying PBT in the prior year.

As fuel costs increased by $614 million compared to the prior year, the Group moved rapidly to fully offset this headwind. Capacity discipline in the domestic market supported near record performances from Group Domestic[2]. The international businesses[3] have a more significant exposure to higher fuel costs and operate in highly competitive markets which dampened the ability and speed at which the Group was able to recover these costs. Despite this, the fundamentals of the international businesses remain strong, as revenue increases helped to deliver resilient earnings. Qantas Loyalty delivered a record result, growing and diversifying earnings. It returned to double digit profit growth in the second half, compared to the prior corresponding period.

Financial highlights for the 2018/19 financial year are:

— Statutory Earnings Per Share was flat on the prior year at 54.6 cents per share, reflecting lower statutory earnings that were offset by the accretive benefit of the on-market share buy-backs
— Continued strong Return on Invested Capital (ROIC)[4] of 18.4 per cent
— Delivery of $452 million in transformation benefits, well in excess of the $400 million annual target
— All operating segments delivering ROIC greater than their Weighted Average Cost of Capital (WACC)[5]
— Continued strong cash flow generation.

The balance sheet strengthened further through the year, providing the Group with significant financial flexibility. Net Debt[6] at 30 June 2019 was $4.7 billion, below the bottom of the Net Debt target range of $5.2 billion to $6.5 billion. The Group's strong cash flow generation ability delivered $2.8 billion in operating cash flow, lower than the prior year due to lower working capital benefits, the timing of option premium outflows and the recommencement of payment of Australian income taxes. Net capital expenditure[7] of $1.6 billion was invested in the business and $1.0 billion of surplus capital returned to shareholders through $363 million of fully franked dividends and $637 million of on-market share buy-backs.

Giving consideration to the strength of the balance sheet and the near-term outlook for the business, the Board resolved to distribute a 13 cents per share fully franked final dividend, totalling $204 million and an additional off-market share buy-back of up to 79.7 million shares[8].

1 Underlying Profit Before Tax (Underlying PBT) is the primary reporting measure used by the Qantas Group's Chief Operating Decision-Making bodies (CODM), being the Chief Executive Officer, Group Management Committee and the Board of Directors, for the purpose of assessing the performance of the Group. The primary reporting measure of the Qantas Domestic, Qantas International, Jetstar Group and Qantas Loyalty operating segments is Underlying Earnings Before Net Finance Costs and Income Tax Expense (Underlying EBIT). The primary reporting measure of the Corporate segment is Underlying PBT as net finance costs are managed centrally. Refer to the reconciliation of Underlying PBT to Statutory Profit Before Tax on Page 11.
2 Group Domestic includes Qantas Domestic and Jetstar Domestic.
3 International businesses or Group International includes Qantas International, Jetstar International Australian operations, Jetstar New Zealand (including Jetstar Regionals), Jetstar Asia (Singapore) and the contributions from Jetstar Japan and Jetstar Pacific.
4 Return on Invested Capital is calculated as ROIC EBIT for the 12 months ended 30 June 2019, divided by the 12 month Average Invested Capital. ROIC EBIT is calculated by adjusting Underlying EBIT for the period to exclude non-cancellable aircraft operating lease rentals and include Notional Depreciation for these aircraft to account for them as if they are owned aircraft.
5 Weighted Average Cost of Capital is calculated on a pre-tax basis.
6 Net Debt under the Group's Financial Framework includes net on balance sheet debt and off-balance sheet aircraft operating lease liabilities.
7 Net Capital Expenditure is equal to net investing cash flows (excluding aircraft operating lease refinancing) included in the Consolidated Cash Flow Statement of $1,563 million and the impact to Invested Capital of commencing/returning aircraft operating leases of $48 million.
8 Under the buy-back, Qantas Group has the ability to buy back up to 79.7 million of its shares without shareholder approval. The Group will determine the size of the buy-back at the end of the tender period, depending on relevant factors such as the market price of shares at the relevant time, shareholder demand, market conditions, the Group's forecast earnings and capital requirements, and the requirements of its Constitution and applicable laws. For illustrative purposes, assuming a buy-back price of $4.85 (being a 14 per cent discount to an assumed market price of $5.64, as at 19 August 2019), the total spend by the Group would be $387 million. The Group can vary the size of the buy-back, or decide not to buy back any shares, at its discretion. Refer to off-market buy-back tender booklet 2019 for further information.

Review of Operations

For the year ended 30 June 2019

FINANCIAL FRAMEWORK ALIGNED WITH SHAREHOLDER OBJECTIVES

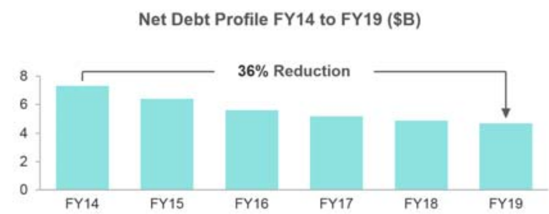
Qantas' Financial Framework aligns our objectives with those of our shareholders. With the aim of generating maintainable Earnings Per Share (EPS) growth over the cycle, which in turn should generate Total Shareholder Return (TSR) in the top quartile of the ASX100 and a basket of global airlines,[9] the Financial Framework has three clear priorities and associated long-term targets:

1. Maintaining an Optimal Capital Structure	2. ROIC > WACC Through the Cycle	3. Disciplined Allocation of Capital
Minimise cost of capital by targeting a Net Debt range of $5.2 billion to $6.5 billion	Deliver ROIC > 10 per cent[10] through the cycle	Grow Invested Capital with disciplined investment, return surplus capital

MAINTAINABLE EPS GROWTH OVER THE CYCLE

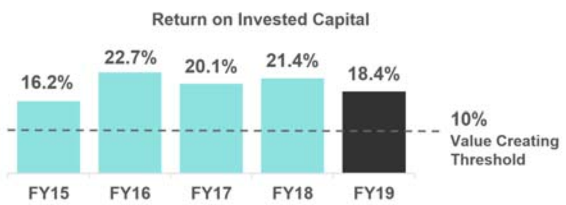
TOTAL SHAREHOLDER RETURN IN THE TOP QUARTILE

Maintaining an Optimal Capital Structure



The Group's Financial Framework targets an optimal capital structure. This results in a Net Debt target range of $5.2 billion to $6.5 billion, based on the current Average Invested Capital of approximately $8.9 billion, a minimum ROIC of 10 per cent and net debt/ROIC EBITDA range of 2.0-2.5 times. This capital structure optimises the Group's cost of capital and preserves financial strength with the objective of enhancing long-term shareholder value. At 30 June 2019, Net Debt was $4.7 billion which is below the bottom of the Net Debt target range. The Group's optimal capital structure is consistent with investment grade credit metrics. The Group is rated Baa2 with Moody's Investor Services.

ROIC > WACC Through the Cycle



Return on Invested Capital (ROIC) of 18.4 per cent was above the Group's value-creating threshold ROIC of 10 per cent for the fifth consecutive year.

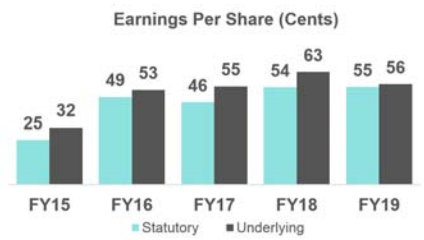
Disciplined Allocation of Capital

The Qantas Group takes a disciplined approach to allocating capital with the aim to grow Invested Capital and return surplus capital to shareholders.

- Net capital expenditure of $1.6 billion was invested during the financial year
- $1.0 billion was distributed to shareholders in 2018/19 through $363 million fully franked dividends and on-market share buy-backs totalling $637 million.

In August 2019, the Board declared a fully franked final dividend of 13 cents per ordinary share totalling $204 million and announced an off-market share buy-back of up to 79.7 million shares[8].

Maintainable EPS Growth Over the Cycle



Statutory Earnings Per Share was 54.6 cents, flat on the prior year as the decrease in Statutory Profit After Tax was offset by a seven per cent reduction in weighted average shares on issue. The Group purchased 113 million shares for $637 million at an average price of $5.63.

9 Target Total Shareholder Return within the top quartile of the ASX100 and the global listed airline peer group as stated in the 2018 Annual Report, with reference to the 2018-2020 Long Term Incentive Plan.
10 Target of 10 per cent ROIC allows ROIC to be greater than pre-tax WACC through the cycle.

Review of Operations

For the year ended 30 June 2019

GROUP PERFORMANCE

Underlying PBT for 2018/19 was $1,302 million, 17 per cent lower than the Record Underlying PBT of $1,565 million in 2017/18. Ticketed Passenger Revenue[11] increased by $594 million, and combined with the increase in Net Freight Revenue of $76 million to more than offset a $614 million increase in fuel costs. The benefits of transformation and other revenue streams assisted in partially offsetting other cost increases incurred through the year including increases in depreciation charges, foreign exchange impacts on net expenditure and the $90 million increase in the non-cash impact of discount rate changes on provisions.

Group Underlying Income Statement Summary	**June 2019 $M**	**June 2018 (restated) $M**	**Change $M**	**Change %**
Net passenger revenue	15,696	14,944	752	5
Net freight revenue	971	895	76	8
Other revenue	1,299	1,289	10	1
Revenue and other income	**17,966**	**17,128**	**838**	**5**
Operating expenses (excluding fuel)[12]	(10,786)	(10,375)	(411)	(4)
Fuel	(3,846)	(3,232)	(614)	(19)
Depreciation and amortisation[12]	(1,605)	(1,517)	(88)	(6)
Non-cancellable aircraft operating lease rentals	(264)	(272)	8	3
Share of net profit of investments accounted for under the equity method	22	15	7	47
Total underlying expenditure	**(16,479)**	**(15,381)**	**(1,098)**	**(7)**
Underlying EBIT	**1,487**	**1,747**	**(260)**	**(15)**
Net finance costs	(185)	(182)	(3)	(2)
Underlying PBT	**1,302**	**1,565**	**(263)**	**(17)**

Operating Statistics		**June 2019**	**June 2018 (restated)**	**Change**	**Change %**
Available Seat Kilometres (ASK)[13]	M	151,430	152,428	(998)	(0.7)
Revenue Passenger Kilometres (RPK)[14]	M	127,492	126,814	678	0.5
Passengers carried	000	55,813	55,273	540	1.0
Revenue Seat Factor[15]	%	84.2	83.2	1.00	n/a
Operating Margin[16]	%	8.3	10.2	(1.9)	n/a
Unit Revenue (RASK)[17]	c/ASK	8.85	8.40	0.45	5.3
Total unit cost[18]	c/ASK	(7.99)	(7.37)	(0.62)	(8.4)
Ex-fuel unit cost[19]	c/ASK	(5.40)	(5.37)	(0.03)	(0.6)

Group capacity (ASK) decreased by 0.7 per cent, while demand (RPK) increased by 0.5 per cent, resulting in a 1.0 percentage point increase in Revenue Seat Factor. Group Unit Revenue increased by 5.3 per cent from the prior year, with an increase[20] of 5.7 per cent in the first half and a 4.9 per cent increase[21] in the second half. As the year progressed, Unit Revenue in the International businesses improved but softening demand slowed Unit Revenue growth in the domestic market. The Group's Total Unit Cost increased by 8.4 per cent resulting from higher fuel prices, foreign exchange impacts and other costs.

TRANSFORMATION

The Group maintained its focus on ongoing transformation, delivering $452 million in benefits, which again exceeded the annual target of $400 million. This included net revenue benefits of $149 million from a range of initiatives including the full year benefit of structural changes such as the introduction of the Dreamliner to Qantas International, the Singapore hub restructure and the Perth to London direct service. Non-fuel costs were reduced by $265 million through a combination of technology-based innovations and commercial sourcing benefits. With rising fuel costs and a continued focus on reducing carbon emissions, $38 million in fuel benefits was achieved through a range of fuel efficiency measures including on-board weight reduction and increased utilisation of single engine taxiing.

11 Uplifted passenger revenue included in net passenger revenue.
12 Underlying expenses differ from equivalent statutory expenses due to items excluded from Underlying PBT such as those items identified by Management as not representing the underlying performance of the business. Refer to the reconciliation on page 11.
13 ASK – total number of seats available for passengers, multiplied by the number of kilometres flown.
14 RPK – total number of passengers carried, multiplied by the number of kilometres flown.
15 Revenue Seat Factor – RPKs divided by ASKs. Also known as seat factor, load factor or load.
16 Operating Margin is Group Underlying EBIT divided by Group total revenue.
17 Unit Revenue is calculated as ticketed passenger revenue per ASK. The prior period has been restated to conform with current year presentation.
18 Total Unit Cost is Underlying PBT less ticketed passenger revenue per ASK. The comparative period has been restated to conform with current year presentation.
19 Ex-fuel unit cost is measured as Underlying PBT less ticketed passenger revenue, fuel and share of profit/(loss) of investments accounted for under the equity method, adjusted for the impact of changes in foreign exchange rates and non-cash impact of discount rate changes on provisions per ASK. The comparative period has been restated to conform with current year presentation.
20 Compared to the first half of 2017/18 financial year restated for first time adoption of AASB 15.
21 Compared to the second half of 2017/18 financial year restated for first time adoption of AASB 15.

Review of Operations

For the year ended 30 June 2019

CASH GENERATION

Cash Flow Summary	June 2019 $M	June 2018 $M	Change $M	Change %
Operating cash flows	2,807	3,413	(606)	(18)
Investing cash flows (excluding aircraft operating lease refinancing)	(1,563)	(1,971)	408	21
Net free cash flow	**1,244**	**1,442**	**(198)**	**(14)**
Aircraft operating lease refinancing	(88)	(230)	142	62
Financing cash flows	(705)	(1,296)	591	46
Cash at beginning of year	1,694	1,775	(81)	(5)
Effect of foreign exchange on cash	12	3	9	>100
Cash at end of year	**2,157**	**1,694**	**463**	**27**

Debt Analysis		June 2019	June 2018	Change $M	Change %
Net on balance sheet debt[22]	$M	3,067	3,054	13	-
Capitalised operating lease liabilities[23]	$M	1,643	1,849	(206)	(11)
Net Debt[24]		**4,710**	**4,903**	**(193)**	**(4)**
Debt/EBITDA[25]	times	2.3	2.0	0.3	15

Operating cash flows for 2018/19 were $2.8 billion, $606 million lower than the record performance in the prior year, reflecting timing differences associated with outflows for the Group's fuel cost hedging program, lower working capital movements and the recommencement of payment of Australian income taxes. Investing cash flows were $1.6 billion excluding aircraft operating lease refinancing.

Net capital expenditure of $1.6 billion included investment in replacement fleet such as the final delivery payments for three 787-9 Dreamliners for Qantas International, customer experience initiatives including lounge upgrades, the Jetstar A320/321 Cabin Enhancement Program and Wi-Fi installation on the Qantas Domestic fleet. Qantas generated more than $1.2 billion of net free cash flow in the year, facilitating Net Debt reduction and returns to shareholders.

Net financing cash outflows of $705 million included $1,137 million draw down from two new tranches of the corporate debt program, offset by scheduled debt repayments of $744 million, dividends of $363 million and on-market buy-backs totalling $637 million. The second and third tranches of the corporate debt program were secured against 38 mid-life aircraft. The third tranche expanded to a new funding source with an issuance to traditional US Private Placement investors, with a tenor of 12 years.

With reduced financial leverage and minimal near-term refinancing risk, the Group has continued to optimise the mix of liquidity with less requirement for short-term liquidity held in cash. The Group used $88 million cash in excess of its short-term requirements to purchase two aircraft out of operating leases. Using the Group's existing cash balance in this way achieved the following benefits:

- Reduced gross debt and cost of carry with minimal impact to net debt
- Greater fleet and maintenance planning flexibility
- Reduced exposure to US dollar lease rentals.

The Group enhanced the quality of the unencumbered pool of aircraft by adding three new 787-9s, bringing the total unencumbered aircraft to 51 per cent of the fleet[26] with an approximate value of US$3.1 billion[27].

Qantas continues to retain significant flexibility in its financial position, funding strategies and fleet plan to ensure that it can respond to changes in market conditions and earnings scenarios. At 30 June 2019, the Group's leverage metrics were well within investment grade metrics Baa2 with Debt/EBITDA of 2.3 times.

22 Net on balance sheet debt includes interest-bearing liabilities and the fair value of hedges related to debt reduced by cash and cash equivalents.
23 Capitalised aircraft operating lease liabilities are measured at fair value at the lease commencement date and remeasured over the lease term on a principal and interest basis akin to a finance lease. Residual value of capitalised aircraft operating lease liability denominated in foreign currency is translated at a long-term exchange rate.
24 Net debt includes on balance sheet debt and capitalised aircraft operating lease liabilities under the Group's Financial Framework.
25 Management's estimate based on Moody's methodology.
26 Based on number of aircraft as at 30 June 2019. The Group's fleet totalled 314 aircraft including Jetstar Asia (Singapore) owned fleet and excludes Jetstar Pacific (Vietnam) and Jetstar Japan.
27 Based on AVAC market values.

Review of Operations

For the year ended 30 June 2019

FLEET

The determination of the optimal fleet age for the Qantas Group balances a number of factors and varies by fleet type, including the availability of any new technology, the level of capacity growth required in the markets that it serves, the competitive landscape and whether the investment is earnings accretive.

At all times, the Group retains significant flexibility to respond to changes in market conditions and the competitive landscape by deploying a number of strategies including fleet redeployment, refurbishment, renewal and retirement.

The Group continued to cross utilise the A330-200 and 737-800 aircraft between Qantas Domestic and Qantas International, and recently the A320-200s released from Jetstar were deployed into QantasLink, optimising capacity to match demand. These aircraft were released through capacity right sizing in the domestic market. At 30 June 2019, the Qantas Group fleet[28] totalled 314 aircraft. During 2018/19, the Group acquired three 787-9s (Qantas International), retired three 747-400s (Qantas International) and added one leased A320-200 aircraft to Jetstar Asia (Singapore).

Fleet Summary (Number of aircraft)	June 2019	June 2018
A380	12	12
747-400/400ER	7	10
A330-200/300	28	28
737-800	75	75
787-9	8	5
717-200	20	20
Q200/300/400	45	45
F100	17	17
A320-200	2	2
Total Qantas (including QantasLink and Network Aviation)	**214**	**214**
Q300	5	5
A320/A321-200	78	77
787-8	11	11
Total Jetstar Group	**94**	**93**
737-300/400F	5	5
767-300F	1	1
Total Freight	**6**	**6**
Total Group	**314**	**313**

SEGMENT PERFORMANCE

Segment Performance Summary	June 2019 $M	June 2018 (restated) $M	Change $M	Change %
Qantas Domestic	740	765	(25)	(3)
Qantas International	285	398	(113)	(28)
Jetstar Group	370	457	(87)	(19)
Qantas Loyalty	374	345	29	8
Corporate	(174)	(195)	21	11
Unallocated/Eliminations	(108)	(23)	(85)	>(100)
Underlying EBIT	**1,487**	**1,747**	**(260)**	**(15)**
Net finance costs	(185)	(182)	(3)	(2)
Underlying PBT	**1,302**	**1,565**	**(263)**	**(17)**

28 Includes Qantas Airways, Jetstar Australia and New Zealand, Jetstar Asia (Singapore), Qantas Freight and Network Aviation, and excludes aircraft operated by Jetstar Japan and Jetstar Pacific (Vietnam).

Review of Operations

For the year ended 30 June 2019

QANTAS DOMESTIC

Revenue

6,106 $M

FY19	**6,106**
FY18	5,945
FY17	5,632
FY16	5,710
FY15	5,828

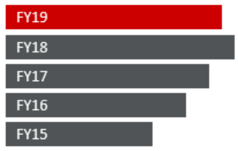
Underlying EBIT

740 $M

FY19	**740**
FY18	765
FY17	645
FY16	578
FY15	480

Operating Margin

12.1 %



FY19	**12.1%**
FY18	12.9%
FY17	11.5%
FY16	10.1%
FY15	8.2%

Metrics		June 2019	June 2018	Change
ASKs	M	33,866	34,385	(1.5%)
Seat factor	%	77.8	77.8	0pts

Qantas Domestic reported an Underlying EBIT of $740 million, down three per cent from the record result in 2017/18. Qantas Domestic was able to more than offset fuel cost increases and partially offset foreign exchange impacts on non-fuel costs. Unit Revenue increased by five per cent compared to 2017/18 as market capacity remained in line with demand.

Qantas Domestic grew share in both the corporate and Small to Medium Enterprise (SME) markets. During the year, Qantas Domestic also benefited from the ongoing recovery of the resources market with a $47 million growth in revenue from that sector.

The dual brand strategy, together with the benefits of transformation and investment in our customers continued to deliver leading margins, with the Operating Margin for Qantas Domestic at 12.1 per cent.

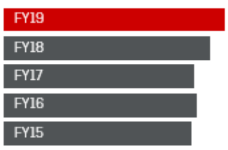
Qantas Domestic continued to invest in customer experience delivering:

- 15 percentage points customer advocacy[29] premium to competitor[30]
- 83 per cent on-time performance[31]
- Improved Net Promoter Score (NPS) for in-flight entertainment on Wi-Fi equipped 737s
- Expansion of regional resident fares program, removal of change fee for regional resident fares and turboprop fleet refurbishment
- Continued investment in domestic lounges.

QANTAS INTERNATIONAL

Revenue

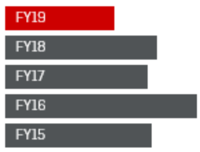
7,425 $M



FY19	**7,425**
FY18	6,925
FY17	6,413
FY16	6,496
FY15	6,295

Underlying EBIT

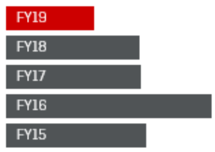
285 $M



FY19	**285**
FY18	398
FY17	374
FY16	576
FY15	381

Operating Margin

3.8 %



FY19	**3.8%**
FY18	5.7%
FY17	5.8%
FY16	8.9%
FY15	6.1%

Metrics		June 2019	June 2018	Change
ASKs	M	69,571	69,280	0.4%
Seat factor	%	86.0	84.2	1.8pts

Qantas International reported Underlying EBIT of $285 million for 2018/19, down 28 per cent compared to 2017/18. Unit Revenue growth was strong at 6.4 per cent, fully offsetting increased fuel costs. Growth in other revenue streams could not fully recover other cost increases such as foreign exchange impacts on non-fuel costs and the costs of concurrently flying the 747 and 787 aircraft while transitioning the fleet. Earnings momentum built in the second half as competitor capacity reduced.

The USA market, in particular, experienced significant competitive pressure. Approval for Anti-Trust Immunity for the American Airlines Joint Business is opening up new opportunities with the announcement of a number of new routes including Brisbane to Chicago and Brisbane to San Francisco. The strategy to build a resilient Qantas International continues with the expansion of the 787-9 Dreamliner fleet to eight aircraft. The success of the Perth to London direct route with network leading NPS, Revenue Seat Factor and Unit Revenue,

29 Customer advocacy measured as Net Promoter Score (NPS). Based on Qantas internal reporting.
30 Competitor refers to Virgin Australia. Based on Qantas internal reporting.
31 On time performance (OTP) of Qantas Domestic mainline and regional services measured as departures within 15 minutes of scheduled departure time for FY19. Source: BITRE.

Review of Operations

For the year ended 30 June 2019

gives confidence in the strategy to pursue ultra-long haul routes that provide a unique competitive advantage. Combined with the Singapore hub restructure, the London services have seen a significant improvement in financial performance, becoming profitable for the first time in over a decade.

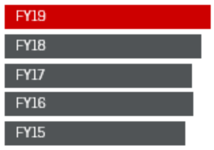
Qantas International continued to invest in customer experience delivering:

— Investment in a new Singapore First lounge and expansion of the Business lounge to support increased demand from the hub restructure
— Commencement of the A380 cabin upgrade.

JETSTAR GROUP

Revenue

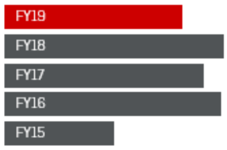
3,961 $M



FY19	**3,961**
FY18	3,795
FY17	3,600
FY16	3,636
FY15	3,464

Underlying EBIT

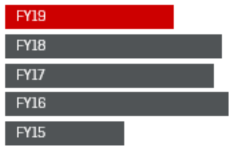
370 $M



FY19	**370**
FY18	457
FY17	417
FY16	452
FY15	230

Operating Margin

9.3 %



FY19	**9.3%**
FY18	12.0%
FY17	11.6%
FY16	12.4%
FY15	6.6%

Metrics		June 2019	June 2018	Change
ASKs	M	47,993	48,763	(1.6%)
Seat factor	%	86.1	85.6	0.5pts

The Jetstar Group achieved record revenue fully offsetting increased fuel costs as Unit Revenue in the domestic market increased by 2.7 per cent and ancillary revenue per passenger increased 12 per cent. Jetstar International also saw strong improvement in Unit Revenue, which increased by 6.0 per cent compared with 2017/18. Even with the record revenue performance, the Jetstar Group was able to maintain its commitment to affordability with almost two-thirds of fares sold for under $100.

The Underlying EBIT result of $370 million for the Jetstar Group was impacted by increased fuel costs, foreign exchange impacts on non-fuel costs and a significant increase in airport charges and taxes in Singapore. Associate airlines, Jetstar Japan and Jetstar Pacific (Vietnam), remained profitable despite the considerable headwinds, with our investment in Jetstar Japan delivering a record Australian dollar profit share.

Jetstar continued its investment in transformation and customer experience delivering:

— Ancillary revenue strength driven by the success of the “Plus 3kg” carry on
— Cabin Enhancement Program completed, achieving capital efficient expansion with 3 per cent extra seats added[32]
— Club Jetstar continued growth with more than 340,000 members.

QANTAS LOYALTY

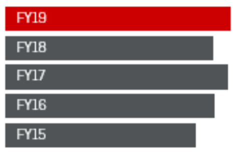
Revenue

1,654 $M

FY19	**1,654**
FY18	1,519
FY17	1,505
FY16	1,454
FY15	1,362

Underlying EBIT

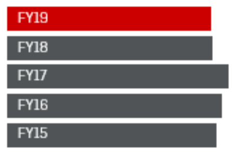
374 $M



FY19	**374**
FY18	345
FY17	369
FY16	346
FY15	315

Operating Margin

22.6 %



FY19	**22.6%**
FY18	22.7%
FY17	24.5%
FY16	23.8%
FY15	23.1%

Metrics		June 2019	June 2018	Change
QFF members	M	12.9	12.3	4.8%

32 Compared to the aircraft prior to the cabin enhancement.

Review of Operations

For the year ended 30 June 2019

Qantas Loyalty reported a record result with Underlying EBIT of $374 million, up 8.4 per cent compared to 2017/18[33] as it returned to double digit profit growth[34] in the second half. Revenue was at a record level as member engagement with the program increased. Points earned from Financial Services products reached record levels, growth in everyday earn segments continued and program points redeemed across airline, hotel and retail awards increased by 12 per cent.

During the year Qantas Loyalty announced the biggest overhaul of the Frequent Flyer program in 32 years, adding additional reward seats and launching of a new program tier, Lifetime Platinum and the establishment of the Points Club for its most loyal buyers.

The diversification of earnings through the New Business portfolio continued. Revenue from New Businesses increased by 27 per cent. Qantas Insurance achieved 46 per cent growth[35] in the Health Insurance market with one of the lowest average premium increases and strong market growth. The Qantas Premier Credit Card portfolio continues to perform well with strong card acquisition trends and double the spend volume compared with the prior year.

RECONCILIATION OF UNDERLYING PBT TO STATUTORY PROFIT BEFORE TAX

The Statutory Profit Before Tax of $1,265 million for 2018/19 was $87 million lower than the previous year.

Underlying PBT

Underlying PBT is the primary reporting measure used by the Qantas Group's Chief Operating Decision-Making bodies (CODM), being the Chief Executive Officer, Group Management Committee and the Board of Directors, for the purpose of assessing the performance of the Group. The primary reporting measure of the Qantas International, Qantas Domestic, Jetstar Group and Qantas Loyalty operating segments is Underlying EBIT. The primary reporting measure of the Corporate segment is Underlying PBT as net finance costs are managed centrally.

	2019 $M	2018 (restated) $M
Reconciliation of Underlying PBT to Statutory Profit Before Tax		
Underlying PBT	**1,302**	**1,565**
Items not included in Underlying PBT		
— Transformation costs	(218)	(162)
— Discretionary bonuses to non-executive employees	(27)	(53)
— Net gain on disposal of a controlled entity	39	12
— Net gain on disposal of Airport Terminal assets	141	–
— Net gain on disposal/reversal of impairment of associate	43	–
— Other	(15)	(10)
Total items not included in Underlying PBT	**(37)**	**(213)**
Statutory Profit Before Income Tax Expense	**1,265**	**1,352**

Items which are identified by Management and reported to the CODM as not representing the underlying performance of the business are not included in Underlying PBT. The determination of these items is made after consideration of their nature and materiality and is applied consistently from period to period.

Items not included in Underlying PBT primarily result from revenues or expenses relating to business activities in other reporting periods, transformational/restructuring initiatives, transactions involving investments, impairments of assets and other transactions outside the ordinary course of business.

In the 2019 financial year these included:

- Transformation costs of $218 million included redundancy and related costs of $65 million, fleet restructuring costs of $107 million (primarily related to costs for the introduction of the 789 Dreamliners and retirement of the 747 fleet) and other upfront costs of $46 million directly incurred to enable the delivery of transformation benefits. Included in fleet restructuring costs are $68 million of non-cash accelerated depreciation and inventory write-downs
- Discretionary bonuses to non-executive employees of $27 million will be paid to non-executive employees after the employees post wage freeze collective agreement is voted upon and approved
- The net gain on disposal of a controlled entity of $39 million arose from the sale of the Qantas Catering business, which was completed during the year
- The net gain on disposal of Airport Terminal assets of $141 million primarily relates to the gain on disposal of Melbourne Domestic Terminal assets
- The net gain on disposal/reversal of impairment of associate of $43 million relates to the Group's investment in Helloworld Travel Limited. The Group sold 2 million shares for $5.50 per share in September 2018 and reversed previously recognised impairment. The reversal of the impairment has been recognised as an item outside of Underlying PBT consistent with the treatment of the original impairment.

33 The financial year 2017/18 Underlying EBIT has been restated for the adoption of AASB 15 to $345 million. Prior to the restatement 2017/18 Underlying EBIT was reported as $372 million. Financial years 2014/15, 2015/16 and 2016/17 have not been restated for AASB 15.
34 Compared to the second half of 2017/18.
35 Based on 12 months to June 2019 growth in net persons insured compared to all Australian private health insurance funds. Source: Qantas/nib internal analysis and estimates.

Review of Operations

For the year ended 30 June 2019

MATERIAL BUSINESS RISKS

The aviation industry is subject to a number of inherent risks. These include, but are not limited to, exposure to changes in economic conditions, changes in government regulations, fuel and foreign exchange volatility and other exogenous events such as aviation incidents, natural disasters, war or an epidemic. Qantas is exposed to a number of specific business risks which may impact the achievement of the Group's strategy and financial prospects. The Group's focus is on continuously improving the controls to manage these risks as the context of these risks typically does not significantly change compared with the previous year. The Qantas Group continues to operate in a domestic and international environment where elevated political risk for the business will be the norm. The increased level of unpredictability makes it imperative that the Group continues to plan for wide ranges of scenarios and risks to ensure its robustness.

Competitive intensity: Market capacity growth ahead of underlying demand impacts industry profitability.

- Australia's liberal aviation policy settings have attracted offshore competitors to the Australian international aviation market, predominantly state-sponsored airlines. Qantas remains focused on building key strategic airline partnerships with strong global partners and optimising its network. Qantas brings domestic strength and the unrivalled customer offering of Qantas Loyalty. Qantas International continues to build a resilient and sustainable business through transformation.
- The Australian domestic aviation market is highly competitive. The Qantas Group's market-leading domestic position and dual brand strategy allow Qantas to effectively mitigate the impact of market changes. This strategy leverages Qantas Domestic (including QantasLink) to serve business and premium leisure customers and Jetstar to serve price-sensitive customers. Qantas Domestic continues to focus on managing its cost base through sustainable transformation initiatives to ensure it remains competitive, while maintaining a revenue premium. Jetstar is working to maintain its lowest seat cost and yield advantage. These priorities result in Qantas Domestic and Jetstar Domestic delivering the highest Underlying EBITs in their respective markets, enabling the Group to retain Underlying EBIT share in excess of capacity share.

Fuel and foreign exchange volatility: The Qantas Group is subject to fuel and foreign exchange risks. These risks are an inherent part of the operations of an airline. The Qantas Group manages these risks through a comprehensive hedging program. Fuel price is 100 per cent hedged for the remainder of 2019/20. For 2019/20, the Group's hedging profile is positioned such that 2019/20 fuel costs are expected to be $3.95[36] billion with an average 53 per cent participation rate[37] to lower fuel prices. Complementing the hedging program, increased focus on forecasting and the operational agility of our aviation operations are supporting the Group to manage the residual uncertainty.

Cyber security and data governance: The global cyber and privacy landscape is constantly evolving and at the same time, data governance has become an important function for many organisations including the Qantas Group. Qantas remains focused on embedding cyber security, privacy and data governance into business processes, taking a security and privacy by design approach and creating a cybersafe and privacy orientated culture which builds on an established safety culture. The Group is also enhancing its data governance framework to ensure ethical and commercial data risks are managed in addition to data protection and privacy. Qantas has a defined risk and control framework, aligned with industry standards, which is designed to protect the confidentiality, integrity, availability and privacy of data and to maintain compliance with regulatory requirements. The Qantas Group's cyber and privacy controls operate to reduce the likelihood and severity of cyber security and data privacy related incidents and related impacts. The Group's cyber and data privacy risks are continuously monitored by the Group Cyber and Privacy Committee and are subject to independent assurance including for material third party suppliers.

Key business partners and alliances: The Qantas Group has relationships with a number of key business partners. In order to continue to maximise mutual benefit from both a financial and customer proposition perspective, governance structures are in place to track and report performance against common strategic objectives. The Qantas Group continues to proactively build relationships with existing and new industry partners through ongoing dialogue with relevant authorities and stakeholder groups.

Climate change: The Qantas Group is subject to short-term and long-term climate-related physical and transition risks. These risks are an inherent part of the operations of an airline and are managed by undertaking scenario analysis, strengthening governance, technology, operational and market-based controls, including proactive consideration of how changing factors (including global climate policies) impact the proximity of climate-related risks. The Qantas Group is responding to increased demand for transparency on identification and management of climate-related risks by aligning its 2018/19 corporate disclosures with the Taskforce on Climate-Related Financial Disclosures (TCFD). These disclosures are available on https://www.qantas.com/au/en/qantas-group/acting-responsibly/our-planet.html.

An overview of the Group Risk Management Framework is contained in the Qantas Group Business Practices Document available on www.qantas.com.au.

36 As at 20 August 2019. 2019/20 assumes forward market rates of Jet Fuel USD $74 per barrel and AUD/USD 0.6763. Actual fuel costs for 2019/20 will be impacted by changes in Jet Fuel prices and the AUD/USD.
37 Participation from current market Brent prices down to USD $64 per barrel for the remainder of 2019/20.

Consolidated Income Statement

For the year ended 30 June 2019

	Notes	2019 $M	2018 (restated)[1] $M
REVENUE AND OTHER INCOME			
Net passenger revenue		15,696	14,944
Net freight revenue		971	895
Other revenue and income	4(B)	1,299	1,289
Revenue and other income		**17,966**	**17,128**
EXPENDITURE			
Manpower and staff-related		4,268	4,291
Aircraft operating variable		3,995	3,653
Fuel		3,846	3,232
Depreciation and amortisation		1,665	1,528
Non-cancellable aircraft operating lease rentals		264	272
Share of net profit of investments accounted for under the equity method		(22)	(15)
Other	5	2,500	2,633
Expenditure		**16,516**	**15,594**
Statutory profit before income tax expense and net finance costs		**1,450**	**1,534**
Finance income		47	48
Finance costs		(232)	(230)
Net finance costs		**(185)**	**(182)**
Statutory profit before income tax expense		**1,265**	**1,352**
Income tax expense	6	(374)	(399)
Statutory profit for the year		**891**	**953**
Attributable to:			
Members of Qantas		891	953
Non-controlling interests		-	-
Statutory profit for the year		**891**	**953**
EARNINGS PER SHARE ATTRIBUTABLE TO MEMBERS OF QANTAS			
Basic earnings per share (cents)	3	**54.6**	**54.4**
Diluted earnings per share (cents)	3	**54.4**	**54.0**

1 The Group adopted AASB 15 *Revenue from Contracts with Customers* effective 1 July 2017 using the full retrospective method of adoption. The comparative period presented above has been restated. Refer to Note 10 for further information.

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

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2019

	2019 $M	2018 (restated)[1] $M
Statutory profit for the year	**891**	**953**
Items that are or may be subsequently reclassified to profit or loss		
Effective portion of changes in fair value of cash flow hedges, net of tax	51	559
Transfer of hedging (gains) from hedge reserve to the Consolidated Income Statement, net of tax[2]	(249)	(230)
Recognition of effective cash flow hedges on capitalised assets, net of tax	(13)	16
Net changes in hedge reserve for time value of options, net of tax	(47)	51
Foreign currency translation of controlled entities	5	3
Foreign currency translation of investments accounted for under the equity method	13	(3)
Share of other comprehensive (loss)/income of investments accounted for under the equity method	(6)	4
Items that will not subsequently be reclassified to profit or loss		
Defined benefit actuarial (losses)/gains, net of tax	(121)	84
Fair value gains on investments, net of tax	4	1
Other comprehensive (loss)/income for the year	**(363)**	**485**
Total comprehensive income for the year	**528**	**1,438**

Attributable to:		
Members of Qantas	528	1,438
Non-controlling interests	–	–
Total comprehensive income for the year	**528**	**1,438**

1 The Group adopted AASB 15 *Revenue from Contracts with Customers* effective 1 July 2017 using the full retrospective method of adoption. The comparative period presented above has been restated. Refer to Note 10 for further information.

2 These amounts were allocated to fuel expenditure of $(356) million (2018: $(329) million), and income tax expense of $107 million (2018: $99 million) in the Consolidated Income Statement.

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

Consolidated Balance Sheet

As at 30 June 2019

CURRENT ASSETS	2019 $M	2018 (restated)[1] $M
Cash and cash equivalents	2,157	1,694
Receivables	1,101	840
Other financial assets	334	474
Inventories	364	351
Assets classified as held for sale	1	118
Other	236	161
Total current assets	**4,193**	**3,638**
NON-CURRENT ASSETS		
Receivables	77	110
Other financial assets	184	112
Investments accounted for under the equity method	272	222
Property, plant and equipment	12,977	12,851
Intangible assets	1,225	1,113
Other	449	601
Total non-current assets	**15,184**	**15,009**
Total assets	**19,377**	**18,647**
CURRENT LIABILITIES		
Payables	2,470	2,220
Revenue received in advance	4,315	4,018
Interest-bearing liabilities	635	404
Other financial liabilities	89	34
Provisions	954	853
Income tax liabilities	113	7
Liabilities classified as held for sale	–	64
Total current liabilities	**8,576**	**7,600**
NON-CURRENT LIABILITIES		
Revenue received in advance	1,466	1,446
Interest-bearing liabilities	4,589	4,344
Other financial liabilities	48	25
Provisions	415	367
Deferred tax liabilities	847	910
Total non-current liabilities	**7,365**	**7,092**
Total liabilities	**15,941**	**14,692**
Net assets	**3,436**	**3,955**
EQUITY		
Issued capital	1,871	2,508
Treasury shares	(152)	(115)
Reserves	111	479
Retained earnings	1,603	1,080
Equity attributable to members of Qantas	**3,433**	**3,952**
Non-controlling interests	3	3
Total equity	**3,436**	**3,955**

1 The Group adopted AASB 15 *Revenue from Contracts with Customers* effective 1 July 2017 using the full retrospective method of adoption. The comparative period presented above has been restated. Refer to Note 10 for further information.

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

30 June 2019 $M	Issued Capital	Treasury Shares	Employee Compensation Reserve	Hedge Reserve	Foreign Currency Translation Reserve	Other[1] Reserves	Retained Earnings (restated)[2]	Non-controlling Interests	Total Equity (restated)[2]
Balance as at 1 July 2018	**2,508**	**(115)**	**106**	**300**	**(16)**	**89**	**1,080**	**3**	**3,955**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR									
Statutory profit for the year	–	–	–	–	–	–	891	–	891
Other comprehensive income/(loss)									
Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	–	51	–	–	–	–	51
Transfer of hedging (gains) from hedge reserve to the Consolidated Income Statement, net of tax	–	–	–	(249)	–	–	–	–	(249)
Recognition of effective cash flow hedges on capitalised assets, net of tax	–	–	–	(13)	–	–	–	–	(13)
Net changes in hedge reserve for time value of options, net of tax	–	–	–	(47)	–	–	–	–	(47)
Defined benefit actuarial losses, net of tax	–	–	–	–	–	(121)	–	–	(121)
Foreign currency translation of controlled entities	–	–	–	–	5	–	–	–	5
Foreign currency translation of investments accounted for under the equity method	–	–	–	–	13	–	–	–	13
Fair value gains on investments, net of tax	–	–	–	–	–	4	–	–	4
Share of other comprehensive loss of investments accounted for under the equity method	–	–	–	(6)	–	–	–	–	(6)
Total other comprehensive (loss)/income	**–**	**–**	**–**	**(264)**	**18**	**(117)**	**–**	**–**	**(363)**
Total comprehensive income/(loss) for the year	**–**	**–**	**–**	**(264)**	**18**	**(117)**	**891**	**–**	**528**
TRANSACTIONS WITH OWNERS RECORDED DIRECTLY IN EQUITY									
Contributions by and distributions to owners									
Share buy-back	(637)	–	–	–	–	–	–	–	(637)
Dividend paid	–	–	–	–	–	–	(363)	–	(363)
Treasury shares acquired	–	(98)	–	–	–	–		–	(98)
Share-based payments	–	–	49	–	–	–	–	–	49
Shares vested and transferred to employees	–	61	(54)	–	–	–	(5)	–	2
Total contributions by and distributions to owners	**(637)**	**(37)**	**(5)**	**–**	**–**	**–**	**(368)**	**–**	**(1,047)**
Total transactions with owners	**(637)**	**(37)**	**(5)**	**–**	**–**	**–**	**(368)**	**–**	**(1,047)**
Balance as at 30 June 2019	**1,871**	**(152)**	**101**	**36**	**2**	**(28)**	**1,603**	**3**	**3,436**

1 Other reserves as at 30 June 2019 includes the Defined Benefit Reserve of ($33) million and the Fair Value Reserve of $5 million.

2 The Group adopted AASB 15 *Revenue from Contracts with Customers* effective 1 July 2017 using the full retrospective method of adoption. The comparative period presented above has been restated. Refer to Note 10 for further information.

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

Consolidated Statement of Changes in Equity continued

For the year ended 30 June 2019

30 June 2018 $M	Issued Capital	Treasury Shares	Employee Compensation Reserve	Hedge Reserve	Foreign Currency Translation Reserve	Other[1] Reserves	Retained Earnings (restated)[2]	Non-controlling Interests	Total Equity (restated)[2]
Balance as at 1 July 2017	**3,259**	**(206)**	**124**	**(100)**	**(16)**	**4**	**495**	**3**	**3,563**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR									
Statutory profit for the year	–	–	–	–	–	–	953	–	953
Other comprehensive income/(loss)									
Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	–	559	–	–	–	–	559
Transfer of hedging (gains) from hedge reserve to the Consolidated Income Statement, net of tax	–	–	–	(230)	–	–	–	–	(230)
Recognition of effective cash flow hedges on capitalised assets, net of tax	–	–	–	16	–	–	–	–	16
Net changes in hedge reserve for time value of options, net of tax	–	–	–	51	–	–	–	–	51
Defined benefit actuarial gains, net of tax	–	–	–	–	–	84	–	–	84
Foreign currency translation of controlled entities	–	–	–	–	3	–	–	–	3
Foreign currency translation of investments accounted for under the equity method	–	–	–	–	(3)	–	–	–	(3)
Fair value gains on investments, net of tax	–	–	–	–	–	1	–	–	1
Share of other comprehensive income of investments accounted for under the equity method	–	–	–	4	–	–	–	–	4
Total other comprehensive income	**–**	**–**	**–**	**400**	**–**	**85**	**–**	**–**	**485**
Total comprehensive income for the year	**–**	**–**	**–**	**400**	**–**	**85**	**953**	**–**	**1,438**
TRANSACTIONS WITH OWNERS RECORDED DIRECTLY IN EQUITY									
Contributions by and distributions to owners									
Share buy-back	(751)	–	–	–	–	–	–	–	(751)
Dividend paid	–	–	–	–	–	–	(249)	–	(249)
Treasury shares acquired	–	(162)	–	–	–	–	–	–	(162)
Share-based payments	–	–	64	–	–	–	–	–	64
Shares vested and transferred to employees	–	253	(82)	–	–	–	(119)	–	52
Total contributions by and distributions to owners	**(751)**	**91**	**(18)**	**–**	**–**	**–**	**(368)**	**–**	**(1,046)**
Total transactions with owners	**(751)**	**91**	**(18)**	**–**	**–**	**–**	**(368)**	**–**	**(1,046)**
Balance as at 30 June 2018	**2,508**	**(115)**	**106**	**300**	**(16)**	**89**	**1,080**	**3**	**3,955**

1 Other reserves as at 30 June 2018 includes the Defined Benefit Reserve of $88 million and the Fair Value Reserve of $1 million.

2 The Group adopted AASB 15 *Revenue from Contracts with Customers* effective 1 July 2017 using the full retrospective method of adoption. The comparative period presented above has been restated. Refer to Note 10 for further information.

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

Consolidated Cash Flow Statement

For the year ended 30 June 2019

	2019 $M	2018 (restated)[1] $M
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	19,050	18,107
Cash payments to suppliers and employees (excluding cash payments to employees for redundancies and related costs and discretionary bonus payments to non-executive employees)	(15,876)	(14,461)
Cash generated from operations	**3,174**	**3,646**
Cash payments to employees for redundancies and related costs	(58)	(42)
Discretionary bonus payments to non-executive employees	(25)	(74)
Interest received	41	41
Interest paid	(168)	(161)
Dividends received from investments accounted for under the equity method	11	6
Australian income taxes paid	(156)	–
Foreign income taxes paid	(12)	(3)
Net cash from operating activities	**2,807**	**3,413**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment and intangible assets	(1,944)	(1,959)
Interest paid and capitalised on qualifying assets	(42)	(44)
Payments for investments held at fair value	(60)	(2)
Proceeds from disposal of property, plant and equipment	333	17
Proceeds from disposal of a controlled entity	139	17
Proceeds from disposal of shares in associate	11	–
Net cash used in investing activities (excluding aircraft operating lease refinancing)	(1,563)	(1,971)
Aircraft operating lease refinancing	(88)	(230)
Net cash used in investing activities	**(1,651)**	**(2,201)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for share buy-back	(637)	(751)
Payments for treasury shares	(98)	(162)
Proceeds from borrowings	1,137	668
Repayments of borrowings	(744)	(802)
Dividends paid to shareholders	(363)	(249)
Net cash used in financing activities	**(705)**	**(1,296)**
Net increase/(decrease) in cash and cash equivalents held	**451**	**(84)**
Cash and cash equivalents at the beginning of the year	1,694	1,775
Effects of exchange rate changes on cash and cash equivalents	12	3
Cash and cash equivalents at the end of the year	**2,157**	**1,694**

1 The Group adopted AASB 15 *Revenue from Contracts with Customers* effective 1 July 2017 using the full retrospective method of adoption. The comparative period presented above has been restated. Refer to Note 10 for further information. The adoption of AASB 15 had no impact to cash flow from operations, cash flow from investing activities, cash flow from financing flows or net movements in cash. Reclassifications between 'cash receipts from customers' and 'cash payment to suppliers and employees' have resulted from reclassifications between income and expenditure in the Consolidated Income Statement.

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

Notes to the Preliminary Final Report

For the year ended 30 June 2019

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(A) STATEMENT OF COMPLIANCE

The Preliminary Final Report (the Report) has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*. The Report also complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board.

The Report is presented in Australian dollars, which is the functional currency of Qantas Airways Limited (Qantas) and its controlled entities (the Qantas Group) and has been prepared on the basis of historical cost except in accordance with relevant accounting policies where assets and liabilities are stated at their fair values.

The Annual Financial Report is in the process of being audited and is expected to be made available on 30 August 2019. This Report should also be read in conjunction with any public announcements made by Qantas during the year in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001* and ASX Listing Rules.

Qantas is a company of the kind referred to in Australian Securities and Investments Commission (ASIC) Instrument 2016/191 dated 24 March 2016. In accordance with that Instrument, all financial information presented has been rounded to the nearest million dollars, unless otherwise stated.

(B) NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the Preliminary Final Report are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2018, except for the adoption of new standards effective as of 1 July 2018.

From 1 July 2018, the Group applied, for the first time, AASB 15 *Revenue from Contracts with Customers*. The Group elected to retrospectively restate previous financial statements. The nature and effect of these changes are disclosed in Note 10.

From 1 July 2018, the Group also applied AASB 9 *Financial Instruments: Impairment (2014)*, which has no material impact on the Group's financial statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(C) COMPARATIVES

Where applicable, comparative balances have been reclassified to align with current period presentation.

(D) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In preparing this Report, judgements made by Management in the application of AASBs (with the exception of the adoption of AASB 15 as outlined above) that have a significant effect on the Consolidated Financial Statements and estimates with a significant risk of material adjustment in future periods were the same as those applied to the Qantas Annual Report for the year ended 30 June 2018.

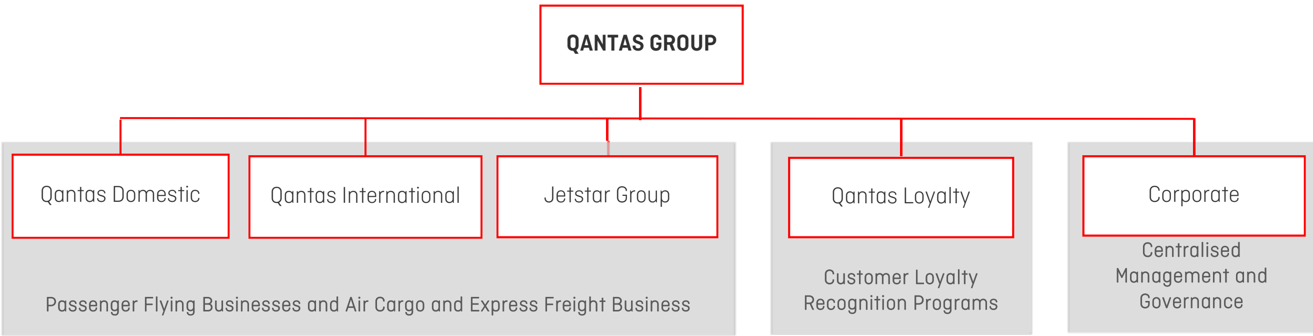
Notes to the Preliminary Final Report continued

For the year ended 30 June 2019

2 OPERATING SEGMENTS, UNDERLYING PROFIT BEFORE TAX AND RETURN ON INVESTED CAPITAL

(A) OPERATING SEGMENTS

The Qantas Group comprises the following operating segments:



i. Underlying EBIT

Underlying EBIT is the primary reporting measure used by the Qantas Group's Chief Operating Decision-making Bodies (CODM), being the Chief Executive Officer, Group Management Committee and the Board of Directors, for the purpose of assessing the performance of Qantas Domestic, Qantas International, Jetstar Group, and Qantas Loyalty operating segments. The primary reporting measure of the Corporate segment is Underlying PBT, as net finance costs are managed centrally and are not allocated to the Qantas Domestic, Qantas International, Jetstar Group or Qantas Loyalty operating segments.

Underlying EBIT is calculated using a consistent methodology as Underlying PBT as outlined below (refer to section B) but excluding the impact of net finance costs.

ii. Analysis by Operating Segment

2019 $M	**Qantas Domestic**	**Qantas International**	**Jetstar Group**	**Qantas Loyalty**	**Corporate**	**Unallocated/ Eliminations[1]**	**Consolidated**
REVENUE AND OTHER INCOME							
External segment revenue and other income	5,708	7,093	3,823	1,488	4	(150)	17,966
Inter-segment revenue and other income	398	332	138	166	–	(1,034)	–
Total segment revenue and other income	**6,106**	**7,425**	**3,961**	**1,654**	**4**	**(1,184)**	**17,966**
Share of net profit of investments accounted for under the equity method[2]	8	9	5	–	–	–	22
Underlying EBITDAR[3]	**1,444**	**933**	**827**	**411**	**(160)**	**(99)**	**3,356**
Non-cancellable aircraft operating lease rentals	(78)	(48)	(138)	–	–	–	(264)
Depreciation and amortisation[4]	(626)	(600)	(319)	(37)	(14)	(9)	(1,605)
Underlying EBIT	**740**	**285**	**370**	**374**	**(174)**	**(108)**	**1,487**
Net finance costs					(185)		(185)
Underlying PBT					**(359)**		**1,302**
ROIC %[5]							**18.4%**

1 Unallocated/Eliminations represents unallocated and other businesses of the Qantas Group which are not considered to be reportable segments including consolidation elimination entries. It also includes the impact of discount rate changes on provisions (refer to Note 5) and changes in presentation of income/expenses where the determination of whether the Group is acting as principal or agent is made on consolidation.
2 Share of net profit of investments accounted for under the equity method as reported by Qantas Domestic and Qantas International before rounding is $8.5 million and $8.5 million respectively.
3 Underlying EBITDAR represents underlying earnings before income tax expense, depreciation, amortisation, non-cancellable aircraft operating lease rentals and net finance costs.
4 Depreciation and amortisation differs from the depreciation and amortisation recognised in the Consolidated Income Statement due to items not included in Underlying PBT (refer to Note 2(B)).
5 ROIC % represents Return on Invested Capital (ROIC) EBIT divided by Average Invested Capital (refer to Note 2(C)).

Notes to the Preliminary Final Report continued

For the year ended 30 June 2019

2 OPERATING SEGMENTS, UNDERLYING PROFIT BEFORE TAX AND RETURN ON INVESTED CAPITAL (CONTINUED)

(A) OPERATING SEGMENTS (CONTINUED)

2018 (restated)[1] $M	Qantas Domestic	Qantas International	Jetstar Group	Qantas Loyalty	Corporate	Unallocated/ Eliminations[2]	Consolidated
REVENUE AND OTHER INCOME							
External segment revenue and other income	5,562	6,602	3,674	1,359	18	(87)	17,128
Inter-segment revenue and other income	383	323	121	160	-	(987)	-
Total segment revenue and other income	**5,945**	**6,925**	**3,795**	**1,519**	**18**	**(1,074)**	**17,128**
Share of net profit of investments accounted for under the equity method	4	4	7	–	–	–	15
Underlying EBITDAR[3]	**1,470**	**1,004**	**886**	**375**	**(182)**	**(17)**	**3,536**
Non-cancellable aircraft operating lease rentals	(76)	(64)	(132)	–	–	–	(272)
Depreciation and amortisation[4]	(629)	(542)	(297)	(30)	(13)	(6)	(1,517)
Underlying EBIT	**765**	**398**	**457**	**345**	**(195)**	**(23)**	**1,747**
Net finance costs					(182)		(182)
Underlying PBT					**(377)**		**1,565**
ROIC %[5]							**21.4%**

1 The Group adopted AASB 15 *Revenue from Contracts from Customers* effective 1 July 2017 using the full retrospective method of adoption. The comparative period presented above has been restated (refer to Note 10).
2 Unallocated/Eliminations represents unallocated and other businesses of the Qantas Group which are not considered to be reportable segments including consolidation elimination entries. It also includes the impact of discount rate changes on provisions (refer to Note 5) and changes in presentation of income/expenses where the determination of whether the Group is acting as principal or agent is made on consolidation.
3 Underlying EBITDAR represents underlying earnings before income tax expense, depreciation, amortisation, non-cancellable aircraft operating lease rentals and net finance costs.
4 Depreciation and amortisation differs from the depreciation and amortisation recognised in the Consolidated Income Statement due to items not included in Underlying PBT (refer to Note 2(B)).
5 ROIC % represents Return on Invested Capital (ROIC) EBIT divided by Average Invested Capital (refer to Note 2(C)).

Passenger revenue primarily arises within the Qantas Domestic, Qantas International and Jetstar Group segments. Freight revenue primarily arises within Qantas International, except when bellyspace is utilised in Qantas Domestic and Jetstar Group.

Marketing revenue and redemption revenue in relation to the issuance and redemption of Qantas Points is recognised within the Qantas Loyalty segment. Marketing revenue on inter-segment Qantas Point issuances is eliminated on consolidation. Redemption revenue arising from Qantas Group flight redemptions is recognised within Net Passenger Revenue on consolidation. The inter-segment arrangements with Qantas Loyalty are not designed to derive a net profit from inter-segment Qantas Point issuances and redemptions.

Redemption revenue in relation to products provided by suppliers outside the Group, such as Qantas Store redemptions and other carrier redemptions is recognised in the Income Statement net of related costs, as the Group is an agent. For the purposes of segment reporting, the Qantas Loyalty segment reports these redemptions on a gross basis. Adjustments are made within consolidation eliminations to present these redemptions on a net basis at a Group level within Other Revenue and Income.

(B) UNDERLYING PROFIT BEFORE TAX (UNDERLYING PBT) AND RECONCILIATION TO STATUTORY PROFIT BEFORE TAX

Underlying PBT is a non-statutory measure and is the primary reporting measure used by the CODM for the purpose of assessing the performance of the Group. The objective of measuring and reporting Underlying PBT is to provide a meaningful and consistent representation of the underlying performance of each operating segment and the Qantas Group.

	2019 $M	2018 (restated) $M
RECONCILIATION OF UNDERLYING PBT TO STATUTORY PROFIT BEFORE TAX		
Underlying PBT	**1,302**	**1,565**
Items not included in Underlying PBT		
— Transformation costs	(218)	(162)
— Discretionary bonus payments to non-executive employees	(27)	(53)
— Net gain on disposal of a controlled entity	39	12
— Net gain on disposal of Airport Terminal assets	141	-
— Net gain on disposal/reversal of impairment of associate	43	-
— Other	(15)	(10)
Total items not included in Underlying PBT	**(37)**	**(213)**
Statutory Profit Before Income Tax Expense	**1,265**	**1,352**

Notes to the Preliminary Final Report continued

For the year ended 30 June 2019

2 OPERATING SEGMENTS, UNDERLYING PROFIT BEFORE TAX AND RETURN ON INVESTED CAPITAL (CONTINUED)

(B) UNDERLYING PROFIT BEFORE TAX (UNDERLYING PBT) AND RECONCILIATION TO STATUTORY PROFIT BEFORE TAX (CONTINUED)

Items which are identified by Management and reported to the CODM bodies as not representing the underlying performance of the business are not included in Underlying PBT. The determination of these items is made after consideration of their nature and materiality and is applied consistently from period to period.

Items not included in Underlying PBT primarily result from revenues or expenses relating to business activities in other reporting periods, transformational/restructuring initiatives, transactions involving investments, impairments of assets and other transactions outside the ordinary course of business.

In the 2019 financial year these included:

- Transformation costs of $218 million included redundancy and related costs of $65 million, fleet restructuring costs of $107 million (primarily related to costs for the introduction of the 789 Dreamliners and retirement of the 747 fleet) and other upfront costs of $46 million directly incurred to enable the delivery of transformation benefits. Included in fleet restructuring costs are $68 million of non-cash accelerated depreciation and inventory write-downs
- Discretionary bonuses to non-executive employees of $27 million will be paid to non-executive employees after the employees post wage freeze collective agreement is voted upon and approved
- The net gain on disposal of a controlled entity of $39 million arose from the sale of the Qantas Catering business, which was completed during the year
- The net gain on disposal of Airport Terminal assets of $141 million primarily relates to the gain on disposal of Melbourne Domestic Terminal assets
- The net gain on disposal/reversal of impairment of associate of $43 million relates to the Group's investment in Helloworld Travel Limited. The Group sold 2 million shares for $5.50 per share in September 2018 and reversed previously recognised impairment. The reversal of the impairment has been recognised as an item outside of Underlying PBT consistent with the treatment of the original impairment.

(C) RETURN ON INVESTED CAPITAL

Return on Invested Capital (ROIC %) is a non-statutory measure and is the primary financial return measure of the Group. ROIC % is calculated as Return on Invested Capital EBIT (ROIC EBIT) divided by Average Invested Capital.

i. ROIC EBIT

ROIC EBIT is derived by adjusting Underlying EBIT to exclude non-cancellable aircraft operating lease rentals and include Notional Depreciation for these aircraft to account for them as if they were owned aircraft.

The objective of this adjustment is to show an EBIT result which is indifferent to the financing or ownership structure of aircraft assets. ROIC EBIT therefore excludes the finance costs implicitly embedded in operating lease rental payments.

	2019 $M	2018 (restated) $M
ROIC EBIT		
Underlying EBIT	**1,487**	**1,747**
Add back: Non-cancellable aircraft lease rentals	264	272
Less: Notional Depreciation[1]	(107)	(124)
ROIC EBIT	**1,644**	**1,895**

1 For calculating ROIC, capitalised operating leased aircraft are included in the Group's Invested Capital at the AUD market value (referencing AVAC) of the aircraft at the date of commencing operations at the prevailing AUD/USD rate. This value is notionally depreciated in accordance with the Group's accounting policies, with the calculated depreciation reported above known as Notional Depreciation.

Notes to the Preliminary Final Report continued

For the year ended 30 June 2019

2 OPERATING SEGMENTS, UNDERLYING PROFIT BEFORE TAX AND RETURN ON INVESTED CAPITAL (CONTINUED)

(C) RETURN ON INVESTED CAPITAL (CONTINUED)

ii. Average Invested Capital

Invested Capital includes the net assets of the business other than cash, debt, other financial assets/(liabilities) and tax balances. Invested Capital is also adjusted to include an amount representing the capitalised value of operating leased aircraft assets as if they were owned aircraft. The objective of this adjustment is to show Invested Capital which is indifferent to financing or ownership structures of aircraft assets. Invested Capital therefore includes the capital held in operating leased aircraft, which is a non-statutory adjustment. In accordance with Australian Accounting Standards, these assets are not recognised on the balance sheet.

Average Invested Capital is equal to the average of the monthly Invested Capital for the year.

	2019 $M	2018 (restated) $M
INVESTED CAPITAL		
Receivables (current and non-current)	1,178	950
Inventories	364	351
Other assets (current and non-current)	685	762
Investments accounted for under the equity method	272	222
Property, plant and equipment	12,977	12,851
Intangible assets	1,225	1,113
Assets classified as held for sale	1	118
Payables	(2,470)	(2,220)
Provisions (current and non-current)	(1,369)	(1,220)
Revenue received in advance (current and non-current)	(5,781)	(5,464)
Liabilities classified as held for sale	–	(64)
Capitalised operating leased assets[1]	1,390	1,510
Invested Capital as at 30 June	**8,472**	**8,909**
Average Invested Capital for the year ended 30 June	**8,936**	**8,863**

1 For calculating ROIC, capitalised operating leased aircraft assets are included in the Group's Invested Capital at the AUD market value (referencing AVAC) of the aircraft at the date of commencing operations at the prevailing AUD/USD rate. This value is notionally depreciated in accordance with the Group's accounting policies, with the calculated depreciation reported above known as Notional Depreciation. The carrying value (AUD market value less accumulated Notional Depreciation) is reported within Invested Capital as capitalised operating leased aircraft assets.

iii. ROIC %

	2019 %	2018 (restated) %
ROIC %[1]	**18.4**	**21.4**

1 ROIC % is calculated as Return on Invested Capital EBIT (ROIC EBIT) divided by Average Invested Capital for the year.

iv. Underlying Earnings per share

	2019 cents	2018 (restated) cents
Underlying Earnings per share[1]	**56.2**	**63.0**

1 Underlying Earnings per share is calculated as Underlying PBT less tax expense (based on the Group's effective tax rate of 29.6% (2018: 29.5%) divided by the weighted average number of shares during the year.

Notes to the Preliminary Final Report continued

For the year ended 30 June 2019

3 EARNINGS PER SHARE

	2019 cents	2018 (restated) cents
Basic earnings per share	**54.6**	**54.4**
Diluted earnings per share	**54.4**	**54.0**
	$M	**$M**
Statutory profit attributable to members of Qantas	**891**	**953**
	Number M	**Number M**
NUMBER OF SHARES		
Issued shares as at 1 July	1,684	1,809
Shares bought back and cancelled	(113)	(125)
Issued shares as at 30 June	**1,571**	**1,684**
Weighted average number of shares for the year[1]	**1,634**	**1,756**

1 Weighted average number of shares (basic) of 1,631 million (2018: 1,751 million) excludes unallocated treasury shares in the calculation of basic earnings per share. Weighted average number of shares (diluted) of 1,639 million (2018: 1,766 million) excludes unallocated treasury shares and includes the effect of share rights expected to vest (using the treasury stock method) in the calculation of diluted earnings per share.

4 REVENUE AND OTHER INCOME

The Group's operations and main revenue streams are consistent with those described in the Group's annual consolidated financial statements for the year ended 30 June 2018. The nature and effect of initially applying AASB 15 on the Group's financial statements are disclosed in Note 10.

(A) REVENUE AND OTHER INCOME BY GEOGRAPHIC AREA

	2019 $M	2018 (restated) $M
Net passenger and freight revenue		
Australia	11,897	11,454
Overseas	4,770	4,385
Total net passenger and freight revenue	**16,667**	**15,839**
Other revenue and income	1,299	1,289
Total revenue and other income	**17,966**	**17,128**

Net passenger and freight revenue are attributed to a geographic region based on the point of sale, or where not directly available, on a pro-rata basis. Other revenue and income is not allocated to a geographic region as it is impractical to do so.

(B) OTHER REVENUE AND INCOME

	2019 $M	2018 (restated) $M
Frequent Flyer marketing revenue and other Qantas Loyalty businesses	441	405
Qantas Store and other redemption revenue[1,2]	149	136
Third Party services revenue	340	423
Other income	369	325
Total other revenue and income	**1,299**	**1,289**

1 Frequent Flyer redemption revenue excludes redemptions on Qantas Group flights which are reported as Net Passenger Revenue in the Consolidated Income Statement.
2 Where the Group acts as an agent for redemptions, an adjustment is made within consolidation eliminations to present these redemptions on a net basis.

Notes to the Preliminary Final Report continued

For the year ended 30 June 2019

5 OTHER EXPENDITURE

	2019 $M	2018 (restated) $M
Commissions and other selling costs	733	713
Computer and communication	514	477
Capacity hire	312	280
Non-aircraft operating lease rentals	226	228
Property	218	244
Marketing and advertising	199	208
Discount rate changes impact on provisions	92	2
Redundancies and related costs	65	43
Discretionary bonus payments to non-executive employees	27	53
Net gain on disposal of property, plant and equipment	(174)	(5)
Net gain on disposal/reversal of impairment of associate	(43)	–
Net gain on disposal of a controlled entity	(39)	(12)
Other	370	402
Total other expenditure	**2,500**	**2,633**

6 INCOME TAX EXPENSE

(A) INCOME TAX RECOGNISED IN THE CONSOLIDATED INCOME STATEMENT

	2019 $M	2018 (restated) $M
Current income tax expense		
Current income tax – Australia	(253)	(4)
Current income tax – foreign	(5)	(3)
Total current income tax expense	**(258)**	**(7)**
Deferred income tax expense		
Origination and reversal of temporary differences	(97)	(106)
Utilisation of tax losses	(3)	(282)
Current year deferred income tax expense	**(100)**	**(388)**
Adjustments for the prior year	(16)	(4)
Total deferred income tax expense	**(116)**	**(392)**
Total income tax expense in the Consolidated Income Statement	**(374)**	**(399)**

(B) RECONCILIATION BETWEEN INCOME TAX EXPENSE AND STATUTORY PROFIT BEFORE INCOME TAX

	2019 $M	2018 (restated) $M
Statutory profit before income tax expense	**1,265**	**1,352**
Income tax expense using the domestic corporate tax rate of 30 per cent	(380)	(406)
Adjusted for:		
Non-assessable dividends from controlled entities	–	1
Differences in income from investments accounted for under the equity method	3	5
(Non-deductible) losses for foreign branches and controlled entities	(9)	(6)
Utilisation of previously unrecognised foreign branch and controlled entity losses/(non-recognition) of foreign branch and controlled entity losses	(8)	3
Non-assessable gain on property, plant and equipment	27	–
Other net (non-deductible)/non-assessable items	9	7
(Under) provision from prior periods	(16)	(3)
Income tax expense	**(374)**	**(399)**

Notes to the Preliminary Final Report continued

For the year ended 30 June 2019

6 INCOME TAX EXPENSE (CONTINUED)

(C) INCOME TAX RECOGNISED DIRECTLY IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2019 $M	2018 (restated) $M
Income tax on:		
Cash flow hedges	111	(170)
Defined benefit actuarial losses/(gains)	52	(36)
Fair value gains on investments	(2)	(1)
Income tax benefit/(expense) recognised directly in the Consolidated Statement of Comprehensive Income	**161**	**(207)**

(D) RECONCILIATION OF INCOME TAX EXPENSE TO INCOME TAX PAYABLE

	2019 $M	2018 (restated) $M
Income tax expense	**(374)**	**(399)**
Adjusted for temporary differences		
Receivables	(4)	(7)
Inventories	(5)	(10)
Property, plant and equipment and intangible assets	131	97
Payables	25	(43)
Revenue received in advance	(17)	(18)
Interest-bearing liabilities	70	(10)
Other financial assets/liabilities	(72)	92
Provisions	(30)	(13)
Other items	(1)	18
Temporary differences	**97**	**106**
Adjustments for the prior year	16	4
Tax on taxable income	**(261)**	**(289)**
Tax losses utilised (Australian)	3	282
Tax instalments paid[1]	145	–
Income tax payable	**(113)**	**(7)**

1 Australian income tax payments in the Consolidated Cash Flow Statement total $156 million, comprising $145 million Australian income tax instalments referable to 2018/19 and $11 million final Australian tax payment referable to 2017/18. In addition, the Group paid $12 million in foreign income taxes.

Income tax paid and payable was less than 30 per cent of the Qantas Group's Statutory Profit Before Tax due to temporary differences of $97 million (2018: $106 million) that result in differences between Taxable Income, and Statutory Profit Before Tax which will reverse in future periods, such as accelerated tax depreciation on aircraft (timing differences due to the Qantas Group making a significant investment in renewing its fleet in recent years, which will reverse in future tax periods).

(E) QANTAS GROUP CARRIED FORWARD TAX LOSSES

	2019 $M	2018 $M
Tax losses available to be utilised in current year	(10)	(941)
Tax losses available to be utilised in future years	–	(10)
Total tax losses brought forward	**(10)**	**(951)**
Tax losses utilised against current taxable income	10	941
Tax losses carried forward to be utilised in future years	**–**	**(10)**

Notes to the Preliminary Final Report continued

For the year ended 30 June 2019

7 DIVIDENDS AND OTHER SHAREHOLDER DISTRIBUTIONS

	Amount per Ordinary Share cents	Franked Amount per Ordinary Share cents	Dividend Declared $M	Payment Date
2019 final dividend	13.0	13.0	204	September 2019
2019 interim dividend	12.0	12.0	195	March 2019
2018 final dividend	10.0	10.0	168	October 2018

(A) DIVIDENDS DECLARED AND PAID

In August 2019, the Directors declared a fully franked final dividend of 13 cents per ordinary share totalling $204 million. The record date for determining entitlements to the final dividend is 3 September 2019. The dividend will be paid on 23 September 2019.

During the year ended 30 June 2019, the Group paid two fully franked dividends of ten and twelve cents per ordinary share totalling $363 million ($168 million on 10 October 2018 and $195 million on 28 March 2019.

(B) OTHER SHAREHOLDER DISTRIBUTIONS

In August 2019, the Directors announced an off-market share buy-back. The Qantas Group has the ability to purchase a maximum of 79.7 million shares.

Under the buy-back, Qantas Group has the ability to buy back up to 79.7 million of its shares without shareholder approval. The Group will determine the size of the buy-back at the end of the tender period, depending on relevant factors such as the market price of shares at the relevant time, shareholder demand, market conditions, the Group's forecast earnings and capital requirements and the requirements of its Constitution and applicable laws. For illustrative purposes, assuming a buy-back price of $4.85 (being a 14 per cent discount to an assumed market price of $5.64, as at 19 August 2019), the total spend by the Group would be $387 million. The Group can vary the size of the buy-back, or decide not to buy back any shares, at its discretion. Refer to the buy-back booklet for further information.

During the year ended 30 June 2019, the Group completed the on-market share buy-back of $332 million announced in August 2018 and the on-market share buy-back of $305 million announced in February 2019. The Group purchased a total of 113 million ordinary shares for $637 million at a weighted average share price of $5.63.

8 COMMITMENTS

(A) CAPITAL EXPENDITURE COMMITMENTS

The Group's capital expenditure commitments as at 30 June 2019 are $9,550 million (2018: $12,478 million). The Group has certain rights within its aircraft purchase contracts which can defer the capital expenditure commitments.

The Group's capital expenditure commitments are predominantly denominated in US dollars. Commitments reported above are translated to the Group's Australian dollar presentational currency at the 30 June 2019 closing exchange rate of $0.69 (30 June 2018: $0.74).

Notes to the Preliminary Final Report continued

For the year ended 30 June 2019

8 COMMITMENTS (CONTINUED)

(B) FINANCE LEASE AND HIRE PURCHASE COMMITMENTS

	2019 $M	2018 $M
AS LESSEE		
Finance lease and hire purchase liabilities (included in the Consolidated Balance Sheet)		
Aircraft and engines – payable:		
Not later than one year	159	147
Later than one year but not later than five years	1,183	944
Later than five years	59	404
Total aircraft and engines	**1,401**	**1,495**
Less: future lease and hire purchase finance charges and deferred lease benefits	(160)	(207)
Total finance lease and hire purchase liabilities	**1,241**	**1,288**

	2019 $M	2018 $M
Finance lease and hire purchase liabilities (included in the Consolidated Balance Sheet)		
Current liabilities	129	109
Non-current liabilities	1,112	1,179
Total finance lease and hire purchase liabilities	**1,241**	**1,288**

The Qantas Group leases aircraft under finance leases with expiry dates between one and 10 years. Most finance leases contain purchase options exercisable at the end of the lease term. The Qantas Group has the right to negotiate extensions on most leases.

(C) OPERATING LEASE COMMITMENTS

	2019 $M	2018 $M
AS LESSEE		
Non-cancellable operating lease commitments		
Aircraft and engines – payable:		
Not later than one year	259	249
Later than one year but not later than five years	551	634
Later than five years	21	58
Total aircraft and engines	**831**	**941**
Non-aircraft – payable:		
Not later than one year	164	162
Later than one year but not later than five years	482	395
Later than five years but not later than 10 years	291	290
Later than 10 years	171	272
Less: provision for potential under-recovery of rentals on unused premises available for sub-lease (included in onerous contract provision)	(2)	(2)
Total non-aircraft	**1,106**	**1,117**
Total non-cancellable operating lease commitments	**1,937**	**2,058**

Notes to the Preliminary Final Report continued

For the year ended 30 June 2019

9 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The following table details the standards, amendments to standards and interpretations that have been identified as those that may impact the Qantas Group in the period of initial application.

Topic	Impact
AASB 16 – *Leases* AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019. The Group will adopt AASB 16 from 1 July 2019.	AASB 16 will replace AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 – *Operating Leases – Incentives* and Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosures of leases and requires lessees to account for all leases under a single on balance sheet model similar to the accounting for finance leases under AASB 117. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Currently under AASB 117, operating leases (primarily aircraft and property) are not recognised on the balance sheet. Lessor accounting under AASB 16 is substantially unchanged from current accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases. **Transition to AASB 16** The Group will adopt AASB 16 retrospectively from 1 July 2019. The half-year ending 31 December 2019 and full-year ending 30 June 2020 will be presented in accordance with the new standard, along with a restatement of comparatives. The Group will elect to use the exemptions proposed by the standard on short-term leases and lease contracts for which the underlying asset is of low value. During the year ended 30 June 2019, the Group has performed a detailed impact assessment of AASB 16. The estimated impact of AASB 16 adoption based on the impact assessment to date is summarised below.

Overview of Significant Changes to the Group on Adoption of AASB 16

Based on the impact assessment completed to date, the Group has identified the following significant changes on adoption of AASB 16:

Area	Description of change
Balance Sheet Recognition	Recognition of a right-of-use asset and a lease liability for operating leases on the Consolidated Balance Sheet. The lease liability and right-of-use asset are initially recognised at the present value of future lease payments, discounted using the interest rate implicit in the lease where available, or if not available, the Group's incremental borrowing rate. Retrospective application will result in a difference between the right-of-use asset and lease liability recognised as an adjustment to opening retained earnings on transition.
Income Statement Recognition	Recognition of depreciation and interest expense instead of operating lease rental expense in the Consolidated Income Statement.
Cash Flow Statement Presentation	The repayment of the principal portion of lease payments will be reported as financing activities in the Consolidated Cash Flow Statement. The interest portion will be reported as operating activities. Under the existing standard, the total operating lease rental payments are reported as operating activities.
Balance Sheet Foreign Exchange Translation	The Group's aircraft lease rental payments are predominantly USD-denominated. The Group manages its exposure to foreign exchange rate fluctuations as part of the overall Group Treasury Risk Management Policy. While the Group's foreign currency cash flow risk for lease rental payments is unchanged, the adoption of AASB 16 will result in foreign currency-denominated lease liabilities recognised on the balance sheet revaluing in response to exchange rate fluctuations in the USD/AUD exchange rate.
Identification of a Lease	The adoption of AASB 16 will result in certain contracts being identified as being or including a lease. These contracts were not identified as a lease under existing accounting standards. The identified leases will be recognised on balance sheet as a lease liability and a right-of-use asset.

Notes to the Preliminary Final Report continued

For the year ended 30 June 2019

9 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONTINUED)

Topic	Impact
AASB 16 – *Leases (continued)*	**Estimated quantification of impact**

The effect of applying the standard on a fully retrospective basis will result in the recognition of lease liability, right-of-use asset and related deferred tax balances as at 1 July 2018 with a corresponding net decrease in opening retained earnings.

Based on the assessment of the transition impact completed to date, a summary of the estimated impact on the Consolidated Balance Sheet upon adoption of AASB 16 is as follows:

	1 July 2018	30 June 2019
Right-of-use asset	$1.4bn to $1.6bn	$1.3bn to $1.5bn
Lease liability and other related liabilities (pre-tax)	$1.6bn to $1.8bn	$1.5bn to $1.7bn
Equity (after tax)	$(0.2)bn to $(0.3)bn	$(0.2)bn to $(0.3)bn

The effect of applying the standard on a fully retrospective basis is not expected to have a material impact on Statutory Profit After Tax for the year ended 30 June 2019. However, the presentation of the Consolidated Income Statement will change with a decrease in lease expenses materially offset by increases in depreciation expense and interest expense.

The Group performed a completeness assessment to identify contracts considered to be or to include a lease under AASB 16. To date, the review has identified new embedded leases, including certain capacity hire and IT/service arrangements. The Group's estimated impact includes new embedded leases identified to date and the aircraft and property leases historically recognised as operating leases.

In June 2019, the IFRIC Interpretations Committee, issued a tentative agenda decision which may potentially impact the accounting treatment upon adoption of AASB 16 for leases which have expired and are legally cancellable by both the lessor and lessee. The estimated impact of AASB 16 presented above does not include any assessment for the impact of this potential change and does not include expired leases which the Group continues to occupy.

The estimated impact does not include the impact of AASB 16 on the Group's share of profits of investments accounted for under the equity method.

The actual impact of AASB 16 may differ from the estimates above when adopting the standard as of 1 July 2019. The practical implementation of the Group's accounting policies relating to AASB 16 are subject to change until the Group presents its 31 December 2019 Consolidated Interim Financial Report.

The adoption of the new leasing standard has no impact on the cash performance of the Group; nor does it change how the Group makes decisions around the allocation of capital.

Notes to the Preliminary Final Report continued

For the year ended 30 June 2019

10 AASB 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group has applied AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments: Impairment (2014)* for the first time for the financial year. The adoption of AASB 9 in relation to impairment had no material impact on the Group's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

(A) CHANGES TO ACCOUNTING POLICIES AS A RESULT OF THE ADOPTION OF AASB 15

AASB 15 *Revenue from Contracts with Customers* supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue* and Interpretation 13 *Customer Loyalty Programmes*. The Group adopted AASB 15 from 1 July 2018.

AASB 15 provides a single, principles-based five-step model that applies to all revenue contracts based on the transfer of control of goods and services to customers. AASB 15 requires separation of distinct performance obligations. Revenue is recognised when the performance obligations associated with the goods and services are satisfied at an amount that reflects the consideration to which the Group expects to be entitled in exchange for goods and services.

The Group adopted AASB 15 using the full retrospective method of adoption. The Group's restated Consolidated Balance Sheet and Consolidated Income Statement, which reflect the adoption of AASB 15, are presented in the following tables.

The Group has identified the following changes to revenue recognition on adoption of the standard:

i. Allocation of revenue

AASB 15 requires the allocation of a transaction price to distinct performance obligations based on their relative stand-alone selling prices. As such, the allocation of revenue between passenger travel and Qantas Points changed at a Group level under the new revenue standard. Previously, revenue was allocated using the residual method. Under AASB 15, the allocation changed to a proportional basis based on the relative stand-alone selling prices. This has resulted in a higher allocation to passenger travel at a Group level, which is recognised earlier than the redemption of the Qantas Points earned on that travel.

ii. Net passenger revenue – ancillary services

AASB 15 requires the identification of distinct performance obligations and where performance obligations are not distinct, an entity shall combine them and account for them as a single performance obligation.

Under AASB 15, revenue associated with certain ancillary services related to passenger travel such as credit card fees and change fees are not considered to be distinct from the passenger flight. Revenue relating to these ancillary services has been deferred from booking until uplift to align with the recognition of revenue from the related passenger travel.

iii. Frequent Flyer revenue

AASB 15 provides new guidance for the accounting for Qantas Points issued which are expected to expire unredeemed, which results in revenue being recognised earlier than under previous accounting standards. The impact of this change has resulted in an increase in revenue recognised in reporting periods prior to the transition to AASB 15 (recognised as an increase in retained earnings as at 1 July 2017) but a decrease in revenue recognised in reporting periods following the transition to AASB 15. This change is expected to have a declining impact in future periods.

Where the Group provides incentives to customers, AASB 15 aligns the pattern of recognition of certain incentives with the principal activity to which the incentive related.

iv. Principal versus agent considerations

AASB 15 provides additional guidance for determining whether the Group is acting as a principal or an agent in an arrangement. As a result, some revenue streams are recognised net of related costs rather than on a gross basis where the Group is acting as an agent. This results in lower revenue and lower expenses being presented, with no net impact on the Group Consolidated Income Statement.

For some other revenue streams such as Freight interline revenue, revenue is presented on a gross basis rather than net of related costs where the Group is acting as a principal. This means there are higher revenues and higher expenses being presented with no net impact on the Group Consolidated Income Statement.

The timing of revenue recognition for some revenue streams where the Group is acting as an agent has changed to align with the principal performance obligations associated with the services provided to the principal. For the purposes of segment reporting, Qantas Loyalty continues to report Frequent Flyer redemptions on a gross basis. Frequent Flyer redemption revenue for Qantas Group flights is recognised within Net Passenger Revenue at a Group level. Additionally under AASB 15, where the Group acts as an agent for Frequent Flyer redemptions, an adjustment is made within consolidation eliminations to present these redemptions on a net basis within Other Revenue and Income.

v. Other adjustments

In addition to the adjustments described above, upon adoption of AASB 15, other items of the primary financial statements were adjusted, such as investments in associates and share of profit of associates as a result of the impact of AASB 15 on their results. Deferred taxes and income tax expense were adjusted as necessary as a result of adopting the standard. Together with the adoption of AASB 15, the Group reviewed the presentation of revenue transactions which resulted in some changes to descriptions and classification which have no net impact on statutory profit.

Notes to the Preliminary Final Report continued

For the year ended 30 June 2019

10 AASB 15 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

(B) CONSOLIDATED BALANCE SHEET RESTATEMENT

The impact on the Consolidated Balance Sheet as at 30 June 2017 is:

	30 June 2017 as previously reported $M	Reclassifications $M	Remeasurements $M	30 June 2017 (restated) $M
CURRENT ASSETS				
Cash and cash equivalents	1,775	–	–	1,775
Receivables	784	(29)	7	762
Other financial assets	100	–	–	100
Inventories	351	–	–	351
Assets classified as held for sale	12	–	–	12
Other	97	–	12	109
Total current assets	**3,119**	**(29)**	**19**	**3,109**
NON-CURRENT ASSETS				
Receivables	123	5	–	128
Other financial assets	43	–	–	43
Investments accounted for under the equity method	214	–	(4)	210
Property, plant and equipment	12,253	–	–	12,253
Intangible assets	1,025	–	–	1,025
Other	444	–	30	474
Total non-current assets	**14,102**	**5**	**26**	**14,133**
Total assets	**17,221**	**(24)**	**45**	**17,242**
CURRENT LIABILITIES				
Payables	2,008	(24)	–	1,984
Revenue received in advance[1]	3,744	–	9	3,753
Interest-bearing liabilities	433	–	–	433
Other financial liabilities	69	–	–	69
Provisions	841	–	–	841
Total current liabilities	**7,095**	**(24)**	**9**	**7,080**
NON-CURRENT LIABILITIES				
Revenue received in advance[1]	1,424	–	1	1,425
Interest-bearing liabilities	4,405	–	–	4,405
Other financial liabilities	56	–	–	56
Provisions	348	–	–	348
Deferred tax liabilities[1]	353	–	12	365
Total non-current liabilities	**6,586**	**–**	**13**	**6,599**
Total liabilities	**13,681**	**(24)**	**22**	**13,679**
Net assets	**3,540**	**–**	**23**	**3,563**
EQUITY				
Issued capital	3,259	–	–	3,259
Treasury shares	(206)	–	–	(206)
Reserves	12	–	–	12
Retained earnings[1]	472	–	23	495
Equity attributable to members of Qantas	**3,537**	**–**	**23**	**3,560**
Non-controlling interests	3	–	–	3
Total equity	**3,540**	**–**	**23**	**3,563**

1 The impact of adopting AASB 15 on the consolidated balance as at 30 June 2017 was first presented in the Interim Financial Report for the half year ended 31 December 2018. Subsequent to this, the Group identified a further adjustment relating to Qantas Points issued which are expected to expire unredeemed. This has increased revenue received in advance by $40 million, decreased deferred tax liabilities by $12 million and decreased retained earnings by $28 million at 30 June 2017 upon adoption of AASB 15. There is no impact to the Consolidated Income Statement for 2017/18 or 2018/19.

Notes to the Preliminary Final Report continued

For the year ended 30 June 2019

10 AASB 15 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

The impact on the Consolidated Balance Sheet as at 30 June 2018 is:

	30 June 2018 as previously reported $M	Reclassifications $M	Remeasurements $M	30 June 2018 (restated) $M
CURRENT ASSETS				
Cash and cash equivalents	1,694	–	–	1,694
Receivables	908	(85)	17	840
Other financial assets	474	–	–	474
Inventories	351	–	–	351
Assets classified as held for sale	118	–	–	118
Other	167	(22)	16	161
Total current assets	**3,712**	**(107)**	**33**	**3,638**
NON-CURRENT ASSETS				
Receivables	100	10	–	110
Other financial assets	112	–	–	112
Investments accounted for under the equity method	226	–	(4)	222
Property, plant and equipment	12,851	–	–	12,851
Intangible assets	1,113	–	–	1,113
Other	533	22	46	601
Total non-current assets	**14,935**	**32**	**42**	**15,009**
Total assets	**18,647**	**(75)**	**75**	**18,647**
CURRENT LIABILITIES				
Payables	2,295	(75)	–	2,220
Revenue received in advance[1]	3,939	–	79	4,018
Interest-bearing liabilities	404	–	–	404
Other financial liabilities	34	–	–	34
Provisions	853	–	–	853
Income tax liabilities	7	–	–	7
Liabilities held for sale	64	–	–	64
Total current liabilities	**7,596**	**(75)**	**79**	**7,600**
NON-CURRENT LIABILITIES				
Revenue received in advance[1]	1,446	–	–	1,446
Interest-bearing liabilities	4,344	–	–	4,344
Other financial liabilities	25	–	–	25
Provisions	367	–	–	367
Deferred tax liabilities[1]	910	–	–	910
Total non-current liabilities	**7,092**	**–**	**–**	**7,092**
Total liabilities	**14,688**	**(75)**	**79**	**14,692**
Net assets	**3,959**	**–**	**(4)**	**3,955**
EQUITY				
Issued capital	2,508	–	–	2,508
Treasury shares	(115)	–	–	(115)
Reserves	479	–	–	479
Retained earnings[1]	1,084	–	(4)	1,080
Equity attributable to members of Qantas	**3,956**	**–**	**(4)**	**3,952**
Non-controlling interests	3	–	–	3
Total equity	**3,959**	**–**	**(4)**	**3,955**

1 The impact of adopting AASB 15 on the consolidated balance as at 30 June 2018 was first presented in the Interim Financial Report for the half year ended 31 December 2018. Subsequent to this, the Group identified a further adjustment relating to Qantas Points issued which are expected to expire unredeemed. This has increased revenue received in advance by $40 million, decreased deferred tax liabilities by $12 million and decreased retained earnings by $28 million at 30 June 2018 upon adoption of AASB 15. There is no impact to the Consolidated Income Statement for 2017/18 or 2018/19.

Notes to the Preliminary Final Report continued

For the year ended 30 June 2019

10 AASB 15 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

(C) CONSOLIDATED INCOME STATEMENT RESTATEMENT

The impact on the Consolidated Income Statement for the year ended 30 June 2018 is:

	30 June 2018 as previously reported $M	Reclassifications $M	Remeasurements $M	30 June 2018 (restated) $M
REVENUE AND OTHER INCOME				
Net passenger revenue	14,715	238	(9)	14,944
Net freight revenue	862	33	–	895
Other revenue and income	1,483	(164)	(30)	1,289
Revenue and other income	**17,060**	**107**	**(39)**	**17,128**
EXPENDITURE				
Manpower and staff-related	4,300	(9)	–	4,291
Aircraft operating variable	3,596	57	–	3,653
Fuel	3,232	–	–	3,232
Depreciation and amortisation	1,528	–	–	1,528
Non-cancellable aircraft operating lease rentals	272	–	–	272
Share of net profit of investments accounted for under the equity method	(15)	–	–	(15)
Other	2,574	59	–	2,633
Expenditure	**15,487**	**107**	**–**	**15,594**
Statutory profit before income tax expense and net finance costs	**1,573**	**–**	**(39)**	**1,534**
Net finance costs	(182)	–	–	(182)
Income tax expense	(411)	–	12	(399)
Statutory profit for the year	**980**	**–**	**(27)**	**953**

(D) CONSOLIDATED STATEMENT OF CASHFLOW RESTATEMENT

The adoption of AASB 15 had no impact to cash flow from operations, cash flow from investing activities, cash flow from financing flows or net movements in cash. Reclassifications between 'cash receipts from customers' and 'cash payment to suppliers and employees' have resulted from reclassifications between income and expenditure in the Consolidated Income Statement.

(E) EARNINGS PER SHARE RESTATEMENT

The impact on basic and diluted EPS is as follows:

	30 June 2018 as previously reported	Remeasurements	30 June 2018 (restated)
Basic earnings per share (cents)	56.0	(1.6)	54.4
Diluted earnings per share (cents)	55.5	(1.5)	54.0

11 POST BALANCE DATE EVENTS

Other than as noted in Note 7 – Dividends and Other Shareholder Distributions, there has not arisen in the interval between 30 June 2019 and the date of this Report any other event that would have had a material effect on the Consolidated Financial Statements as at 30 June 2019.

Operational Statistics

For the year ended 30 June 2019

(unaudited)		June 2019	June 2018 (restated)[1]	Change
TRAFFIC AND CAPACITY				
QANTAS DOMESTIC				
Passengers carried	000	21,989	22,143	(0.7%)
Revenue passenger kilometres (RPK)	M	26,339	26,743	(1.5%)
Available seat kilometres (ASK)	M	33,866	34,385	(1.5%)
Revenue seat factor	%	77.8	77.8	0 pts
JETSTAR DOMESTIC				
Passengers carried	000	14,153	13,839	2.3%
Revenue passenger kilometres (RPK)	M	16,459	15,986	3.0%
Available seat kilometres (ASK)	M	18,888	18,591	1.6%
Revenue seat factor	%	87.1	86.0	1.1 pts
GROUP DOMESTIC				
Group Domestic Available Seat Kilometres	M	52,754	52,976	(0.4%)
Group Domestic Unit Revenue				4.1%
QANTAS INTERNATIONAL				
Passengers carried	000	8,822	8,377	5.3%
Revenue passenger kilometres (RPK)	M	59,808	58,314	2.6%
Available seat kilometres (ASK)	M	69,571	69,280	0.4%
Revenue seat factor	%	86.0	84.2	1.8 pts
JETSTAR INTERNATIONAL				
Passengers carried	000	6,386	6,443	(0.9%)
Revenue passenger kilometres (RPK)	M	18,302	19,090	(4.1%)
Available seat kilometres (ASK)	M	21,157	22,215	(4.8%)
Revenue seat factor	%	86.5	85.9	0.6 pts
JETSTAR ASIA				
Passengers carried	000	4,463	4,471	(0.2%)
Revenue passenger kilometres (RPK)	M	6,584	6,681	(1.5%)
Available seat kilometres (ASK)	M	7,948	7,957	(0.1%)
Revenue seat factor	%	82.8	84.0	(1.2) pts
GROUP INTERNATIONAL				
Group International Available Seat Kilometres	M	98,676	99,452	(0.8%)
Group International Unit Revenue				6.4%
QANTAS GROUP OPERATIONS				
Passengers carried	000	55,813	55,273	1.0%
Revenue passenger kilometres (RPK)	M	127,492	126,814	0.5%
Available seat kilometres (ASK)	M	151,430	152,428	(0.7%)
Revenue seat factor	%	84.2	83.2	1.0 pts
Group Unit Revenue	c/ASK	8.85	8.40	5.3%
Aircraft in service at end of the year	#	314	313	1 aircraft
EMPLOYEES				
Full-time equivalent employees at end of year (FTE)	#	29,055	30,248	(1,193)

1 Unit Revenue metrics have been restated to align with the first-time adoption of AASB 15.