

Appendix 4B

Preliminary Final Report

Introduced 30/6/2002.

Name of entity

QANTAS AIRWAYS LIMITED

ABN or equivalent company
reference

16 009 661 901

Half yearly
(tick)

☐

Preliminary
final (tick)

☒

Full year ended
(‘current period’)

30 JUNE 2002

For announcement to the market

Extracts from this report for announcement to the market

\$Am

Revenues from ordinary activities (item 1.1)	up	11.1%	to	11,322.6
Profit (loss) from ordinary activities after tax attributable to members (item 1.22)	up	3.0%	to	428.0
Profit (loss) from extraordinary items after tax attributable to members (item 2.5(d))		-		-
Net profit (loss) for the period attributable to members (item 1.11)	up	3.0%	to	428.0

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend (item 15.4)	9.0 ¢	9.0 ¢
Previous corresponding period (item 15.5)	9.0 ¢	9.0 ¢

Record date for determining entitlements to the dividend
(see item 15.2)

4 September 2002

Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

Refer to attached Media Release and attachments to the Preliminary Final Report.

Consolidated statement of financial performance

		Current period \$Am	Previous corresponding period \$Am
1.1	Revenues from ordinary activities (<i>see items 1.23 – 1.25</i>) *	11,322.6	10,188.2
1.2	Expenses from ordinary activities (<i>see items 1.26 & 1.27</i>)	(10,679.4)	(9,492.4)
1.3	Borrowing costs	(48.3)	(98.7)
1.4	Share of net profits (losses) of associates and joint venture entities (<i>see item 16.7</i>) **	36.1	-
1.5	Profit (loss) from ordinary activities before tax	631.0	597.1
1.6	Income tax on ordinary activities	(201.7)	(177.4)
1.7	Profit (loss) from ordinary activities after tax	429.3	419.7
1.8	Profit (loss) from extraordinary items after tax (<i>see item 2.5</i>)	-	-
1.9	Net profit (loss)	429.3	419.7
1.10	Net profit (loss) attributable to outside equity interests	1.3	4.3
1.11	Net profit (loss) for the period attributable to members	428.0	415.4
Non-owner transaction changes in equity			
1.12	Increase (decrease) in revaluation reserves	2.9	-
1.13	Net exchange differences recognised in equity	(0.9)	0.3
1.14	Other revenue, expense and initial adjustments recognised directly in equity	-	-
1.15	Initial adjustments from UIG transitional provisions	-	-
1.16	Total transactions and adjustments recognised directly in equity (<i>items 1.12 to 1.15</i>)	2.0	0.3
1.17	Total changes in equity not resulting from transactions with owners as owners	430.0	415.7

Earnings per security (EPS)		Current period ¢	Previous corresponding period ¢
1.18	Basic EPS	29.1	33.0
1.19	Diluted EPS	28.9	32.6

* Excludes proceeds on sale (and on sale and leaseback) of non-current assets of \$52.0 million (2001: \$163.9 million), and interest revenue of \$69.3 million (2001: \$69.0 million) which is included in borrowing costs.

** In prior years the equity accounting adjustment for associates has not been material. In the current period this adjustment became material. Consequently an amount of \$36.1 million has been booked in the full year result. The prior period result included \$60.9 million of dividends received from associates.

Notes to the consolidated statement of financial performance

Profit (loss) from ordinary activities attributable to members

		Current period \$Am	Previous corresponding period \$Am
1.20	Profit (loss) from ordinary activities after tax (<i>item 1.7</i>)	429.3	419.7
1.21	Less (plus) outside equity interests	1.3	4.3
1.22	Profit (loss) from ordinary activities after tax, attributable to members	428.0	415.4

Revenue and expenses from ordinary activities

		Current period \$Am	Previous corresponding period \$Am
1.23	Revenue from sales or services		
	Net Passenger Revenue	9,027.5	7,941.8
	Net Freight Revenue	563.6	596.3
	Tour and Travel Sales	674.4	604.3
	Contract Work Revenue	479.1	457.3
	Other Sources	578.0	588.5
1.24	Interest revenue	69.3	69.0
1.25	Other relevant revenue		
	Proceeds from sale of property, plant and equipment	12.7	16.4
	Proceeds from sale of investments	39.3	-
	Proceeds from sale and leaseback transactions	-	147.5
1.26	Details of relevant expenses		
	Manpower and Staff Related	2,689.2	2,549.9
	Selling and Marketing	1,158.7	1,141.6
	Aircraft Operating – Variable	2,200.9	2,023.0
	Fuel and Oil	1,570.0	1,329.8
	Property	264.3	246.9
	Computer and Communication	408.4	365.0
	Depreciation and Amortisation	693.5	706.7
	Non-cancellable Operating Lease Rentals	255.7	181.8
	Tour and Travel Cost Of Sales	584.4	525.7
	Capacity Hire	499.9	220.2
	Other	354.4	201.8
	Specific expenses included in item 1.26		
	Cancellable operating lease payments	140.5	124.7

Revenue and expenses from ordinary activities (continued)

		Current period \$Am	Previous corresponding period \$Am
	Individually significant items in items 1.23 and 1.26		
	Profit on sale of investment in EQUANT NV	31.2	-
	Provision for redundancy costs	(41.5)	(35.0)
	Profit on sale of Mascot Head Office land and buildings	-	41.2
	Revenue related to assets sold by associated company	-	43.3
	Dividends received related to assets sold by associated company	-	31.8
	Capitalisation of software development costs	-	46.0
1.27	Depreciation and amortisation excluding amortisation of intangibles (see item 2.3)	681.8	703.7
Capitalised outlays			
1.28	Interest costs capitalised in asset values	77.0	13.0
1.29	Outlays capitalised in intangibles (unless arising from an acquisition of a business)	-	-

Consolidated retained profits

		Current period \$Am	Previous corresponding period \$Am
1.30	Retained profits (accumulated losses) at the beginning of the financial period	1,078.0	926.8
1.31	Net profit (loss) attributable to members (item 1.11)	428.0	415.4
1.32	Net transfers from (to) reserves	-	-
1.33	Net effect of changes in accounting policies	-	-
1.34	Dividends and other equity distributions paid or payable	(266.9)	(264.2)
1.35	Retained profits (accumulated losses) at end of financial period	1,239.1	1,078.0

Intangible and extraordinary items

		<i>Consolidated – current period</i>			
		Before tax	Related tax	Related outside equity interests	Amount (after tax) attributable to members
		\$Am (a)	\$Am (b)	\$Am (c)	\$Am (d)
2.1	Amortisation of goodwill	11.7	-	-	11.7
2.2	Amortisation of other intangibles	-	-	-	-
2.3	Total amortisation of intangibles	11.7	-	-	11.7
2.4	Extraordinary items	-	-	-	-
2.5	Total extraordinary items	-	-	-	-

		<i>Consolidated – prior period</i>			
		Before tax	Related tax	Related outside equity interests	Amount (after tax) attributable to members
		\$Am (a)	\$Am (b)	\$Am (c)	\$Am (d)
	Amortisation of goodwill	3.0	-	-	3.0
	Amortisation of other intangibles	-	-	-	-
	Total amortisation of intangibles	3.0	-	-	3.0
	Extraordinary items	-	-	-	-
	Total extraordinary items	-	-	-	-

Comparison of half year profits

		Current year \$Am	Previous year \$Am
3.1	Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the 1st half year (item 1.22 in the half yearly report)	153.5	262.9
3.2	Consolidated profit (loss) from ordinary activities after tax attributable to members for the 2nd half year	274.5	152.5

Consolidated statement of financial position

	At end of current period \$Am	As shown in last annual report \$Am	As in last half yearly report \$Am
Current assets			
4.1 Cash	112.5	145.5	273.3
4.2 Receivables	2,386.6	1,496.2	2,081.3
Net receivables under hedge/swap contracts	697.7	241.5	482.6
4.3 Investments	-	-	-
4.4 Inventories	385.4	332.9	385.3
4.5 Tax assets	-	-	-
4.6 Other	173.5	142.7	152.1
4.7 Total current assets	3,755.7	2,358.8	3,374.6
Non-current assets			
4.8 Receivables	240.0	569.9	396.8
Net receivables under hedge/swap contracts	1,398.0	2,135.3	1,855.5
4.9 Investments (equity accounted)	58.7	42.4	60.3
4.10 Other investments	15.6	14.0	15.1
4.11 Inventories	-	-	-
4.12 Exploration and evaluation expenditure capitalised	-	-	-
4.13 Development properties (mining entities)	-	-	-
4.14 Other property, plant and equipment (net)	9,109.5	7,324.4	7,998.4
4.15 Intangibles (net)	161.0	21.5	170.5
4.16 Tax assets	34.7	30.9	45.7
4.17 Other	28.3	16.4	13.5
4.18 Total non-current assets	11,045.8	10,154.8	10,555.8
4.19 Total assets	14,801.5	12,513.6	13,930.4
Current liabilities			
4.20 Payables	2,382.3	2,049.1	2,225.9
4.21 Interest bearing liabilities	837.0	974.7	547.7
Net payables under hedge/swap contracts	430.8	257.9	437.7
4.22 Tax liabilities	77.9	(8.8)	31.0
4.23 Provisions exc. tax liabilities	525.8	512.8	552.5
4.24 Revenue received in advance	1,285.2	1,187.8	1,142.7
Deferred lease benefits/income	42.4	39.8	45.6
4.25 Total current liabilities	5,581.4	5,013.3	4,983.1

Consolidated statement of financial position (continued)

	At end of current period \$Am	As shown in last annual report \$Am	As in last half yearly report \$Am
Non-current liabilities			
4.26 Payables	33.7	-	-
4.27 Interest bearing liabilities	3,569.9	2,355.6	3,230.3
Net payables under hedge/swap contracts	150.8	576.7	356.2
4.28 Tax liabilities	524.7	496.1	527.3
4.29 Provisions exc. tax liabilities	351.0	360.4	406.1
4.30 Deferred lease benefits/income	329.0	381.6	344.9
Other non-current liabilities	7.5	14.0	10.5
4.31 Total non-current liabilities	4,966.6	4,184.4	4,875.3
4.32 Total liabilities	10,548.0	9,197.7	9,858.4
4.33 Net assets	4,253.5	3,315.9	4,072.0
Equity			
4.34 Capital/contributed equity	2,946.6	2,173.0	2,894.9
4.35 Reserves	56.3	54.3	57.4
4.36 Retained profits (accumulated losses)	1,239.1	1,078.0	1,106.5
4.37 Equity attributable to members of the company	4,242.0	3,305.3	4,058.8
4.38 Outside equity interests in controlled entities	11.5	10.6	13.2
4.39 Total equity	4,253.5	3,315.9	4,072.0
4.40 Preference capital included as part of 4.37	-	-	-

Notes to consolidated statement of financial position

Exploration and evaluation expenditure capitalised

Not applicable

Development properties

Not applicable

Consolidated statement of cash flows

		Current period \$Am	Previous corresponding period \$Am
	Cash flows related to operating activities		
7.1	Receipts from customers	12,043.9	10,527.8
7.2	Payments to suppliers and employees	(10,647.7)	(9,145.5)
7.3	Dividends received from associates	13.1	43.8
7.4	Other dividends received	-	-
7.5	Interest and other items of similar nature received	69.1	69.9
7.6	Interest and other costs of finance paid	(169.2)	(151.8)
7.7	Income taxes paid	(165.9)	(243.5)
7.8	Other	-	-
7.9	Net operating cash flows	1,143.3	1,100.7
	Cash flows related to investing activities		
7.10	Payment for purchases of property, plant and equipment	(2,463.4)	(995.5)
	Receipts for aircraft security deposits	124.6	44.4
	Total payment for purchases of property, plant and equipment and aircraft security deposits	(2,338.8)	(951.1)
7.11	Proceeds from sale of property, plant and equipment	12.7	16.4
7.12	Payment for purchases of equity investments	(19.3)	(17.1)
7.13	Proceeds from sale of equity investments	39.3	-
7.14	Loans to other entities	-	(67.0)
7.15	Loans repaid by other entities	-	-
7.16	Proceeds from sale and leaseback of property, plant and equipment	-	147.5
7.17	Net investing cash flows	(2,306.1)	(871.3)
	Cash flows related to financing activities		
7.18	Proceeds from issues of securities (shares, options, etc.)	652.7	19.0
7.19	Proceeds from borrowings	2,269.9	804.8
7.20	Repayment of borrowings	(1,109.7)	(1,028.0)
7.21	Dividends paid	(124.1)	(454.8)
7.22	Other	-	-
7.23	Net financing cash flows	1,688.8	(659.0)
7.24	Net increase (decrease) in cash held	526.0	(429.6)
7.25	Cash at beginning of period (see Reconciliation of cash)	259.2	688.8
7.26	Exchange rate adjustments to item 7.25.	-	-
7.27	Cash at end of period (see Reconciliation of cash)	785.2	259.2

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows.

During the year 34,074,200 (2001: 84,996,856) shares were issued under the Dividend Reinvestment Plan. Dividends settled in shares rather than cash during the full year totalled \$120.9 million (2001: \$272.0 million)

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current period \$Am	Previous corresponding period \$Am
8.1 Cash on hand and at bank	26.0	86.8
8.2 Deposits at call	-	-
8.3 Bank overdraft	-	-
8.4 Cash on call	86.5	58.7
Short term money market securities and term deposits	672.7	113.7
8.5 Total cash at end of period (item 7.27)	785.2	259.2

Other notes to financial statements

Ratios

	Current period	Previous corresponding period
9.1 Profit before tax / revenue		
Consolidated profit (loss) from ordinary activities before tax (item 1.5) as a percentage of revenue (item 1.1)	5.6%	5.9%
9.2 Profit after tax / equity interests		
Consolidated net profit (loss) from ordinary activities after tax attributable to members (item 1.11) as a percentage of equity (similarly attributable) at the end of the period (item 4.37)	10.1%	12.6%

Earnings per security (EPS)

Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of AASB 1027: Earnings Per Share are as follows.

The weighted average number of ordinary shares outstanding used in the calculation of Basic EPS and Diluted EPS (which included the effect of 37.6 million Executive Entitlements, which has a dilutive EPS impact of 12.5 million ordinary shares) was 1,469.4 million and 1,481.9 million respectively (2001: 1,258.5 million and 1,273.2 million).

NTA backing

	Current period	Previous corresponding period
11.1 Net tangible asset backing per ordinary security	\$2.61	\$2.51

Discontinuing Operations

(Entities must report a description of any significant activities or events relating to discontinuing operations in accordance with paragraph 7.5 (g) of AASB 1029: Interim Financial Reporting, or, the details of discontinuing operations they have disclosed in their accounts in accordance with AASB 1042: Discontinuing Operations.)

Not applicable

Control gained over entities having material effect

During the year Qantas gained control of Impulse Airlines Holdings Pty Limited and its Controlled Entities. Goodwill on acquisition was \$150.8 million. This acquisition did not have a material impact on the financial results for the year.

Loss of control over entities having material effect

Qantas did not dispose of, or lose control over, any controlled entities during the year.

Dividends (in the case of a trust, distributions)

15.1 Date the dividend (distribution) is payable

2 October 2002

15.2 Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if securities are not CHES approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if securities are CHES approved)

4 September 2002

15.3 If it is a final dividend, has it been declared?

Yes

Amount per security

		Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
15.4	<i>(Preliminary final report only)</i> Final dividend: Current year - Final	9.0 ¢	9.0 ¢	-
15.5	Previous year - Final	9.0 ¢	9.0 ¢	-
15.6	<i>(Half yearly and preliminary final report)</i> Interim dividend: Current year	8.0 ¢	8.0 ¢	-
15.7	Previous year	11.0 ¢	11.0 ¢	-

Total dividend (distribution) per security (interim *plus* final)

(Preliminary final report only)

	Current year	Previous year
15.8 Ordinary securities	17.0 ¢	20.0 ¢
15.9 Preference securities	-	-

Preliminary final report - final dividend (distribution) on all securities

	Current period \$Am	Previous corresponding period \$Am
15.10 Ordinary securities	140.7	117.8
15.11 Preference securities	-	-
15.12 Other equity instruments	-	-
15.13 Total	140.7	117.8

The dividend or distribution plans shown below are in operation.

The Dividend Reinvestment Plan (DRP) was reinstated from 13 December 2000. Under the DRP, shareholders reinvest the dividend payable on participating shares in newly issued Qantas shares.

The last date(s) for receipt of election notices for the dividend or distribution plans

4 September 2002

Any other disclosures in relation to dividends (distributions).

None

Details of aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':		Current period \$Am	Previous corresponding period \$Am
16.1	Profit (loss) from ordinary activities before tax	27.7	-
16.2	Income tax on ordinary activities	(9.7)	-
16.3	Profit (loss) from ordinary activities after tax	18.0	-
16.4	Extraordinary items net of tax	-	-
16.5	Net profit (loss)	18.0	-
16.6	Adjustments on initial recognition	18.1	-
16.7	Share of net profit (loss) of associates and joint venture entities	36.1	-

In prior years the equity accounting adjustment for associates has not been material. In the current period this adjustment became material. Consequently an amount of \$36.1 million has been booked in the full year result. The prior period result included \$60.9 million from dividends received from associates.

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities.

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (item 1.9)	
	Current period	Previous corresponding period	Current period \$Am	Previous corresponding period \$Am
17.1 Equity accounted associates and joint venture entities:				
- Air Pacific Limited	46.32%	46.05%	0.5	-
- Australian Air Express Pty Limited	50.00%	50.00%	18.7	-
- Hallmark Aviation Services LP	49.00%	49.00%	4.6	-
- Harvey Holidays Pty Limited	50.00%	50.00%	-	-
- Holidays Tours and Travel (Thailand) Limited	36.80%	36.80%	0.7	-
- Jupiter Air Oceania Limited	47.62%	47.62%	-	-
- TET Limited	36.80%	36.80%	-	-
- Travel Industries Automated System Pty Limited	50.00%	50.00%	11.6	-
17.2 Total	-	-	36.1	-
17.3 Other material interests	-	-	-	-
17.4 Total	-	-	36.1	-

Issued and quoted securities at end of current period

(Description includes rate of interest and any redemption or conversion rights together with prices and dates)

Category of securities		Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
18.1	Preference securities	-	-	-	-
18.2	Changes during current period				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through returns of capital, buybacks, redemptions	-	-	-	-
18.3	Ordinary securities	1,563,858,757	1,563,858,757	n/a	n/a
18.4	Changes during current period				
	(a) Increases through issues				
	- DRP (Interim Dividend)	21,739,708	21,739,708	\$3.1441	\$3.1441
	- DRP (Final Dividend)	12,334,492	12,334,492	\$4.2578	\$4.2578
	- Equity Placements	217,648,959	217,648,959	\$3.0500	\$3.0500
	- QPS	3,523,086	3,523,086	Nil	Nil
	(b) Decreases through returns of capital, buybacks	-	-	-	-
18.5	Convertible debt securities	-	-	-	-
18.6	Changes during current period				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through securities matured, converted	-	-	-	-
18.7	Options	See * below	-	<i>Exercise price</i>	<i>Expiry Date (if any)</i>
18.8	Issued during current period	See * below	-	See * below	See * below
18.9	Exercised during current period	See * below	-	See * below	See * below
18.10	Expired during current period	See * below	-	See * below	See * below
18.11	Debentures	-	-		
18.12	Changes during current period				
	(a) Increases through issues	-	-		
	(b) Decreases through securities matured, converted	-	-		
18.13	Unsecured notes	-	-		
18.14	Changes during current period				
	(a) Increases through issues	-	-		
	(b) Decreases through securities matured, converted	-	-		

*During the year Qantas awarded 350,000 Entitlements to be issued ordinary shares to Eligible Executives under the Qantas Long-Term Executive Incentive Plan. These Entitlements may vest and be convertible into shares between three and five years following award date, conditional on the Executives remaining as employees of the Qantas Group and on the achievement of specific performance hurdles set by the Board. To the extent that any Entitlements vest, they may be converted into shares within eight years of award in proportion to the gain in share price from the date the Entitlements are awarded to the date they are converted to shares. Entitlements not converted to shares within eight years of award will expire. The Market Price on Award of the Entitlements issued during the year was \$3.25. The total number of outstanding Entitlements still available for vesting at 30 June 2002 is as follows:

Entitlements available for vesting at 1 July 2001	44,125,500
Entitlements issued during the period	350,000
Entitlements lapsed during the period	(6,874,000)
Entitlements vested during the period	<u>-</u>
Entitlements available for vesting at 30 June 2002	37,601,500

Analysis by business segments

Analysis by business segments	Aircraft Operations \$m		Tours and Travel \$m		Catering \$m		Eliminations \$m		Consolidated \$m	
	Jun-02	Jun-01	Jun-02	Jun-01	Jun-02	Jun-01	Jun-02	Jun-01	Jun-02	Jun-01
Revenue										
External Segment Revenue	10,494.1	9,436.5	674.4	604.3	154.1	147.4	-	-	11,322.6	10,188.2
Inter-Segment Revenue	29.1	271.1	451.7	424.3	335.9	306.4	(816.7)	(1,001.8)	-	-
Total Segment Revenue	10,523.2	9,707.6	1,126.1	1,028.6	490.0	453.8	(816.7)	(1,001.8)	11,322.6	10,188.2
Segment Result	477.1	490.1	49.2	44.5	68.6	62.5	-	-	594.9	597.1
Share of Net Profit of Associates	35.4	-	0.7	-	-	-	-	-	36.1	-
Profit from ordinary activities Before Tax									631.0	597.1
Income Tax Expense relating to ordinary activities									201.7	177.4
Net Profit									429.3	419.7
Depreciation and Amortisation	680.7	696.5	1.8	1.9	11.0	8.3	-	-	693.5	706.7
Non-Cash Expenses / (Income)	(45.8)	68.7	(1.6)	0.2	(1.8)	(19.0)	-	-	(49.2)	49.9

Segment reporting (continued)

Analysis by business segments (continued)	Aircraft Operations \$m		Tours and Travel \$m		Catering \$m		Eliminations \$m		Consolidated \$m	
	Jun-02	Jun-01	Jun-02	Jun-01	Jun-02	Jun-01	Jun-02	Jun-01	Jun-02	Jun-01
Individually Significant Items										
Profit on sale of investment in EQUANT NV	31.2	-	-	-	-	-	-	-	31.2	-
Provision for redundancy costs	(41.5)	(35.0)	-	-	-	-	-	-	(41.5)	(35.0)
Profit on sale of Mascot Head Office land and buildings	-	41.2	-	-	-	-	-	-	-	41.2
Dividends received related to assets sold by associated company	-	31.8	-	-	-	-	-	-	-	-
Revenue related to assets sold by associated company	-	43.3	-	-	-	-	-	-	-	43.3
Capitalisation of software development costs	-	46.0	-	-	-	-	-	-	-	46.0
Assets										
Segment Assets	14,342.9	12,166.8	307.7	227.9	176.7	131.9	(84.5)	(55.4)	14,742.8	12,471.2
Equity Accounted Investments	57.6	42.1	1.1	0.3	-	-	-	-	58.7	42.4
Consolidated Total Assets	14,400.5	12,208.9	308.8	228.2	176.7	131.9	(84.5)	(55.4)	14,801.5	12,513.6
Liabilities										
Consolidated Total Liabilities	10,442.0	9,014.7	254.4	207.7	117.2	124.4	(265.6)	(149.1)	10,548.0	9,197.7
Acquisition of Non-current Assets	2,445.8	984.8	2.3	2.6	15.3	8.1	-	-	2,463.4	995.5

Segment reporting (continued)

Passenger, freight and other services revenue from domestic services within Australia is attributed to the Australian area. Passenger, freight and other services revenue from inbound and outbound services between Australia and overseas is allocated proportionately to the area in which the sale was made. Other operating revenue is not allocated to a geographic area as it is impractical to do so.

For the full year ended 30 June 2002, the principal assets of the business comprised the aircraft fleet, all (except one) of which were registered and domiciled in Australia. These assets are used flexibly across the route network. Accordingly there is no suitable basis of allocating such assets and the related liabilities between geographic areas.

Operating profit resulting from turnover generated in each geographic area according to origin of sale is not disclosed as it is neither practical nor meaningful to allocate the Group's operating expenditure on that basis.

Analysis of total revenue by geographic region

	Current period \$Am	Previous period \$Am
Passenger, freight and other services revenue		
Australia	6,232.8	4,788.9
United Kingdom and Europe	942.6	1,003.3
Japan	735.3	761.6
South East Asia/North East Asia	736.9	830.8
The Americas and the Pacific	901.1	989.9
Other regions	462.1	392.6
	10,010.8	8,767.1
Other operating revenue		
Tours and travel	674.4	604.3
Other unallocated revenue	637.4	816.8
Total sales and operating revenue	11,322.6	10,188.2
Other revenue		
Interest revenue	69.3	69.0
Proceeds from sale of property, plant and equipment	12.7	16.4
Proceeds from sale of investments	39.3	-
Proceeds from sale and leaseback transactions	-	147.5
Total other revenue	121.3	232.9
Total revenue	11,443.9	10,421.1

Comments by directors

Refer to the attached Media Release and attachments to the ASX Preliminary Final Report.

Basis of accounts preparation

19.2 Material factors affecting the revenues and expenses of the economic entity for the current period:

Refer to the attached Media Release and attachments to the ASX Preliminary Final Report.

19.3 A description of each event since the end of the current period which has had a material effect and is not related to matters already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible):

None.

19.4 Franking credits available and prospects for paying fully or partly franked dividends for at least the next year:

The final dividend of 9 cents per share will be fully franked. It is anticipated that the dividends for the financial year ending 30 June 2003 will be fully franked.

19.5 Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows:

(Disclose changes in the half yearly report in accordance with AASB 1029: Interim Financial Reporting. Disclose changes in accounting policies in the Preliminary Final report in accordance with AASB 1001: Accounting Policies-Disclosure).

Earnings Per Share

The Qantas Group has applied AASB 1027 Earnings Per Share (issued June 2001) for the first time from 1 July 2001.

The basic earnings per share (EPS) earnings are now calculated using net profit or loss, rather than excluding extraordinary items. The diluted EPS weighted average number of shares now includes the number of ordinary shares assumed to be issued for nil consideration in relation to dilutive potential ordinary shares. The number of ordinary shares assumed to be issued for no consideration represents the difference between the number that would have been issued at the exercise price and the number that would have been issued at the average market price.

The change in accounting policy has not affected the EPS in the current or prior financial years.

Segment Reporting

The Qantas Group has applied the revised AASB 1005 Segment Reporting (issued in August 2000) for the first time from 1 July 2001.

Individual business segments have been identified on the basis of grouping individual products or services subject to similar risks and returns. The new business segments reported are: Aircraft Operations, Tours and Travel and Catering.

Foreign Currency Translation

The Qantas Group has applied the revised AASB 1012 Foreign Currency Translation (issued in November 2000) for the first time from 1 July 2001.

For hedges of specific purchases or sales, the gains or costs on entering the hedge and the exchange differences up to the date of the purchase or sale are now deferred and recognised as assets or liabilities on the Statement of Financial Position from the inception of the hedge contract, not when the specific purchase or sale occurs.

There was no impact on opening retained profits at 1 July 2001 or on the profit or loss for the current year to 30 June 2002.

19.6 Revision in estimates of amounts reported in previous interim periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous annual reports if those revisions have a material effect in this half year.

None

Basis of accounts preparation (continued)

19.7 Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last annual report.

None

Additional disclosure for trusts

Not applicable.

Annual meeting

The annual meeting will be held as follows:

Place

Perth

Date

Thursday 17 October 2002

Time

2 pm

Approximate date the annual report will be available

Week commencing 16 September 2002

Compliance statement

- 1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Groups Consensus Views or other standards acceptable to ASX.
- 2 This report, and the accounts upon which the report is based (if separate), use the same accounting policies.
- 3 This report gives a true and fair view of the matters disclosed.
- 4 This report is based on accounts which are in the process of being audited.
- 5 The accounts are being audited. Details of any qualifications (if any) will follow immediately when they are available.
- 6 The entity has a formally constituted Audit Committee.

Sign here:


(General Counsel & Company Secretary)

Date: 21 August 2002

Print name: Brett Stuart Johnson

OPERATIONAL STATISTICS FOR THE YEAR ENDED 30 JUNE 2002		Year Ended 30 June 2002	Year Ended 30 June 2001	Percentage Increase/ (Decrease)
(Unaudited)				
DOMESTIC - SCHEDULED SERVICES				
<u>TRAFFIC AND CAPACITY</u>				
Passengers carried	000	15,063	11,218	34.3
Revenue passenger kilometres (RPK)	m	20,168	14,790	36.4
Available seat kilometres (ASK)	m	25,373	18,695	35.7
Revenue seat factor	%	79.5	79.1	0.4 pts
INTERNATIONAL - SCHEDULED SERVICES				
<u>TRAFFIC AND CAPACITY</u>				
Passengers carried	000	8,424	7,763	8.5
Revenue passenger kilometres (RPK)	m	52,609	53,682	(2.0)
Available seat kilometres (ASK)	m	67,237	71,247	(5.6)
Revenue seat factor	%	78.2	75.3	2.9 pts
Revenue freight tonne kilometres (RFTK)	m	1,607	1,859	(13.6)
Available freight tonne kilometres (AFTK)	m	2,451	2,617	(6.3)
CORE AIRLINE - SCHEDULED SERVICES				
<u>TRAFFIC AND CAPACITY</u>				
Passengers carried	000	23,487	18,981	23.7
Revenue passenger kilometres (RPK)	m	72,777	68,472	6.3
Available seat kilometres (ASK)	m	92,610	89,942	3.0
Revenue seat factor	%	78.6	76.1	2.5 pts
Average passenger journey length	km	3,099	3,607	(14.1)
Available tonne kilometres (ATK)	m	12,317	12,187	1.1
<u>FINANCIAL</u>				
Yield (passenger revenue per RPK)	c	11.49	10.84	6.0
<u>PRODUCTIVITY</u>				
Average full-time employee strength	#	26,768	25,604	4.5
RPK per employee	000	2,719	2,674	1.7
ASK per employee	000	3,460	3,513	(1.5)
Aircraft utilisation (average per day)	Hrs	11.3	11.5	(0.2)
TOTAL GROUP OPERATIONS *				
<u>TRAFFIC AND CAPACITY</u>				
Passengers carried	000	27,128	22,147	22.5
Revenue passenger kilometres (RPK)	m	75,134	70,540	6.5
Available seat kilometres (ASK)	m	95,944	92,943	3.2
Revenue seat factor	%	78.3	75.9	2.4 pts
Aircraft in service at period end ^	#	193 ^	178 ^	15 units
<u>FINANCIAL</u>				
Yield (passenger revenue per RPK)	c	12.02	11.26	6.7
<u>PRODUCTIVITY</u>				
Average full-time equivalent employees	#	33,044	31,632	4.5
RPK per employee	000	2,274	2,230	2.0
ASK per employee	000	2,904	2,938	(1.2)

* Includes QantasLink.

^ Excludes one B747-200 leased to Air Pacific.

QANTAS AIRWAYS LIMITED
ABN 16 009 661 901

DETAILED CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE	Year Ended 30 June 2002 \$m	Year Ended 30 June 2001 \$m	Percentage Increase/ (Decrease) %
(Unaudited)			
Sales and Operating Revenue			
Net Passenger Revenue	9,027.5	7,941.8	13.7
Net Freight Revenue	563.6	596.3	(5.5)
Tour and Travel Sales	674.4	604.3	11.6
Contract Work Revenue	479.1	457.3	4.8
Other Sources *	578.0	588.5	(1.8)
Sales and Operating Revenue	11,322.6	10,188.2	11.1
Expenditure			
Manpower and Staff Related	2,689.2	2,549.9	5.5
Selling and Marketing	1,158.7	1,141.6	1.5
Aircraft Operating - Variable	2,200.9	2,023.0	8.8
Fuel and Oil	1,570.0	1,329.8	18.1
Property	264.3	246.9	7.0
Computer and Communication	408.4	365.0	11.9
Depreciation and Amortisation	693.5	706.7	(1.9)
Non-Cancellable Operating Lease Rentals	255.7	181.8	40.6
Tour and Travel Cost Of Sales	584.4	525.7	11.2
Capacity Hire	499.9	220.2	127.0
Other	354.4	201.8	75.6
Share of Net Profit of Associates **	(36.1)	0.0	n/a
Expenditure	10,643.3	9,492.4	12.1
Earnings Before Interest and Tax (EBIT)	679.3	695.8	(2.4)
Net Borrowing Costs	48.3	98.7	(51.1)
Profit from Operating Activities Before Related Income Tax Expense	631.0	597.1	5.7
Income Tax Expense Relating to Ordinary Activities	201.7	177.4	13.7
Net Profit	429.3	419.7	2.3
Outside Equity Interest in Net Profit	(1.3)	(4.3)	(69.8)
Net Profit Attributable to Members of the Company	428.0	415.4	3.0
Earnings Per Share (cents)	29.1	33.0	(11.8)

* Excludes proceeds on sale (and on sale and leaseback) of non current assets of \$52.0 million (2001: \$163.9 million), and interest revenue of \$69.3 million (2001: \$69.0 million) which is included in net borrowing costs.

** In prior years the equity accounting adjustment for associates has not been material. In the current period this adjustment became material. Consequently an amount of \$36.1 million has been booked in the full year result. The prior period result included \$60.9 million from dividends received from associates.

QANTAS AIRWAYS LIMITED
ABN 16 009 661 901

CONSOLIDATED EARNINGS BEFORE INTEREST AND TAX (Unaudited)	Year Ended 30 June 2002 \$m	% of Group Total	Year Ended 30 June 2001 \$m	% of Group Total	% Change Over Prior Year
International Airline Operations	202.8	29.9	458.7	65.9	(55.8)
Domestic Airline Operations	298.2	43.9	127.4	18.3	134.1
Subsidiary Operations: *					
Qantas Holidays Group	42.4	6.2	33.5	4.8	26.6
QantasLink Group	42.5	6.3	6.4	0.9	564.1
Qantas Flight Catering Group	69.6	10.2	54.3	7.8	28.2
Other Subsidiaries	23.8	3.5	15.5	2.2	53.5
Total Subsidiary Operations	178.3	26.2	109.7	15.8	62.5
Group Earnings Before Interest and Tax	679.3	100.0	695.8	100.0	(2.4)

* Subsidiary Operations Earnings Before Interest and Tax includes profit earned on services provided to Qantas Airways Limited

QANTAS AIRWAYS LIMITED
ABN 16 009 661 901

CONSOLIDATED DEBT, GEARING AND CAPITALISATION OF NON-CANCELLABLE OPERATING LEASES (Unaudited)	As at 30 June 2002 \$m	As at 30 June 2001 \$m	Percentage Change %
Statement of Financial Position Equity	4,253.5	3,315.9	28.3
On Balance Sheet Debt ¹			
Current Debt	837.0	974.7	(14.1)
Non-current Debt ²	3,569.9	2,355.6	51.5
Swap Offset ³	(1,307.9)	(1,212.6)	7.9
Cash and Cash Equivalents ⁴	(1,194.4)	(801.3)	49.1
Net Debt	1,904.6	1,316.4	44.7
Off Balance Sheet Debt			
Present Value of Non-Cancellable Operating Leases	2,205.4	2,477.5	(11.0)
Net Debt including Off Balance Sheet Debt	4,110.0	3,793.9	8.3
Revenue Hedge Receivables ⁵	(206.2)	(329.6)	(37.4)
Net Debt Including Off Balance Sheet Debt and Revenue Hedge Receivables	3,903.8	3,464.3	12.7
Statement of Financial Position including Off Balance Sheet Debt			
Total Assets	16,613.4	14,514.2	14.5
Total Liabilities	12,574.5	11,467.8	9.7
Total Equity	4,038.9	3,046.4	32.6
Net Debt to Net Debt and Equity	31 : 69	28 : 72	n/a
Net Debt to Net Debt and Equity (including Off Balance Sheet Debt)	50 : 50	55 : 45	n/a
Net Debt to Net Debt and Equity (including Off Balance Sheet Debt and Revenue Hedge Receivables)	49 : 51	53 : 47	n/a
Working Capital Ratio	40 : 60	32 : 68	n/a

Notes

1. On balance sheet debt includes bank and other loans and lease liabilities.
2. Non current debt excludes debt available to be set-off against non-current assets.
3. Swap offset is the net swap receivable calculated by aggregating the swap component of net receivables under hedge/swap contracts and net payables under hedge/swap contracts.
4. Cash and cash equivalents (included in the statement of financial position categories of cash and current receivables) include bills of exchange and promissory notes, negotiable securities and security and term deposits. The non-current bills of exchange and aircraft security deposits have been pledged as security to providers of aircraft finance.
5. Revenue Hedge Receivables are included in the statement of financial position until the revenue to which they relate is realised. Debt to equity shown in this table is inclusive of foreign exchange movements which are effectively hedged by the balance deferred in the balance sheet. The debt to equity calculation has therefore been shown on both a hedged and unhedged debt position.

QANTAS AIRWAYS LIMITED
ABN 16 009 661 901

CONSOLIDATED NET INTEREST AS A PERCENTAGE OF AVERAGE NET DEBT	Year Ended 30 June 2002 \$m	Year Ended 30 June 2001 \$m
(Unaudited)		
Borrowing Costs		
Net Borrowing Costs	48.3	98.7
Capitalised Interest	77.0	13.0
Interest on Non-cancellable Operating Leases	119.4	66.7
Adjusted Net Interest Expense	244.7	178.4
Average Net Debt *		
Average Net Debt Including Off Balance Sheet Debt	3,952.0	3,148.8
Average Net Debt Including Off Balance Sheet Debt and Revenue Hedge Receivable	3,684.1	2,796.6
Adjusted Net Borrowing Costs as a Percentage of:		
Average Net Debt Including Off Balance Sheet Debt	6.2	5.7
Average Net Debt Including Off Balance Sheet Debt and Revenue Hedge Receivable	6.6	6.4

* Average Net Debt balances are calculated on a weighted average basis.