

**QANTAS AIRWAYS LIMITED AND CONTROLLED ENTITIES**

**PRELIMINARY FINAL REPORT**

**FOR THE YEAR ENDED**

**30 JUNE 2005**

**(APPENDIX 4E)**

**ABN 16 009 661 901**

**ASX CODE: QAN**

**PRELIMINARY FINAL REPORT**

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**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

	<b>30 June 2005</b> <b>\$m</b>	<b>30 June 2004</b> <b>\$m</b>	<b>Change</b> <b>\$m</b>	<b>Change</b> <b>%</b>
Revenue from ordinary activities	12,648.8	11,353.7	1,295.1	up 11.4%
Profit from ordinary activities after tax attributable to members	763.6	648.4	115.2	up 17.8%
Net profit for the period attributable to members	763.6	648.4	115.2	up 17.8%

**DIVIDENDS**

30 June 2005 interim dividend - paid 6 April 2005	
Amount per security (cents)	10.0
Franked amount per security at 30% tax	10.0
30 June 2005 final dividend - to be paid 28 September 2005	
Amount per security (cents)	10.0
Franked amount per security at 30% tax	10.0
Record date for determining entitlements to the dividend	31 August 2005
Date the dividend is payable	28 September 2005
Total dividend declared (\$m)	189.8
Qantas operates a Dividend Reinvestment Plan (DRP) under which shareholders can reinvest the dividends payable on participating shares in newly issued Qantas shares.	
Last date for receipt of election notice for participation in DRP	31 August 2005

**EXPLANATION OF RESULTS**

Please refer to the attached Press Release for an explanation of the results.

**OTHER INFORMATION**

	<b>June 2005</b>	<b>June 2004</b>
	<b>\$</b>	<b>\$</b>
<b>Net Tangible Assets per ordinary share</b>	<b>3.31</b>	<b>3.07</b>

**Entities over which control gained or lost during the period:**

Thai Air Cargo Holdings Pty Limited (a wholly-owned subsidiary) was incorporated on 6 December 2004 to establish a new Asian cargo airline to be based in Bangkok.

On 1 July 2004, Qantas (through its 75% owned controlled entity Holiday Tours & Travel Pte Ltd (Singapore)), incorporated Holidays Tours & Travel (China) Limited to market and sell holiday packages in China.

**Details of associates and joint venture entities**

Equity accounted associates and joint ventures	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit	
	June 2005 %	June 2004 %	June 2005 \$m	June 2004 \$m
Air Pacific Limited	46.32	46.32	8.2	7.7
Australian Air Express Pty Limited	50.00	50.00	15.0	13.0
Jetstar Asia Airways Pte Limited <sup>1</sup>	49.00	49.99	(18.5)	(0.4)
Jet Turbine Services Pty Limited	50.00	50.00	(4.8)	(0.9)
Hallmark Aviation Services LP	49.00	49.00	0.4	0.7
Harvey Holidays Pty Limited	50.00	50.00	0.9	0.4
Holidays Tours and Travel (Thailand) Limited	36.75	36.75	0.0	0.0
Jupiter Air Oceania Limited	47.62	47.62	0.3	0.0
Star Track Express Holdings Pty Limited	50.00	50.00	1.6	(0.9)
TET Limited	36.75	36.75	0.0	0.0
Thai Air Cargo Co. Ltd. <sup>2</sup>	49.00	-	(1.3)	0.0
Travel Software Solutions Pty Limited	50.00	50.00	0.0	0.1
<b>Total</b>			<b>1.8</b>	<b>19.7</b>

<sup>1</sup> This company changed its name from AVBA Pte Ltd to Jetstar Asia Airways Pte Ltd on 3 September 2004.

<sup>2</sup> On 9 December 2004, Qantas (through its subsidiary Thai Air Cargo Holdings Pty Limited) and CTI Holding Company Limited of Thailand, signed a joint venture agreement in order to establish a new Asian cargo airline to be based in Bangkok.

**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE**

for the year ended 30 June 2005

	June 2005 \$m	June 2004 \$m
<b>Sales and operating revenue</b>		
Net passenger revenue <sup>1,2</sup>	9,835.1	8,978.3
Net freight revenue <sup>1,3</sup>	759.9	520.5
Tours and travel revenue	707.8	711.1
Contract work revenue	484.9	502.6
Other sources <sup>4,5</sup>	861.1	641.2
	<b>12,648.8</b>	<b>11,353.7</b>
<b>Expenditure</b>		
Manpower and staff related	3,244.9	2,938.5
Selling and marketing	444.3	466.1
Aircraft operating - variable	2,435.8	2,226.8
Fuel and oil	1,931.7	1,355.6
Property	300.5	309.8
Computer and communication	491.9	439.1
Tours and travel cost of sales	563.7	570.9
Capacity hire	341.0	287.4
Other <sup>6</sup>	365.1	411.9
Share of net profit of associates	(1.8)	(19.7)
Depreciation and amortisation	1,100.0	1,005.6
Non-cancellable operating lease rentals	310.0	263.5
	<b>11,527.1</b>	<b>10,255.5</b>
<b>Earnings before interest and tax</b>	<b>1,121.7</b>	<b>1,098.2</b>
Net borrowing costs	(94.5)	(133.6)
<b>Profit from ordinary activities before related income tax expense</b>	<b>1,027.2</b>	<b>964.6</b>
Income tax expense related to ordinary activities	(262.8)	(315.8)
<b>Net profit</b>	<b>764.4</b>	<b>648.8</b>
Outside equity interests in net profit	(0.8)	(0.4)
<b>Net profit attributable to members of the Company</b>	<b>763.6</b>	<b>648.4</b>
<b>Non-owner Transaction Changes in Equity</b>		
Net exchange differences recognised in equity	(2.6)	0.4
Total transactions and adjustments recognised directly in equity	(2.6)	0.4
<b>Total changes in equity not resulting from transactions with owners as owners</b>	<b>761.0</b>	<b>648.8</b>
<b>Earnings per share (EPS)</b>		
Basic earnings per share (cents)	40.8	35.7
Diluted earnings per share (cents)	40.7	35.5

1 Passenger and freight revenue is disclosed net of both sales discount and interline/IATA commission.

2 Passenger recoveries (including fuel surcharge on passenger tickets) are disclosed as part of net passenger revenue.

3 Freight fuel surcharge is now disclosed as part of net freight revenue. Previously, it was disclosed as part of revenue from other sources. Comparatives have been adjusted accordingly. The impact of this change for the prior year is to increase net freight revenue and decrease other revenue by \$50.8 million.

4 Revenue from other sources includes revenue from aircraft charter and leases, property income, Qantas Club and Frequent Flyer membership fees, freight terminal and service fees, commission revenue, age availed surplus revenue and unavailed revenue and other miscellaneous income (including the release of surplus revenue accounting provisions related to prior periods of \$52.1 million).

5 Excludes interest revenue of \$117.0 million (2004: \$125.9 million) which is included in net borrowing costs. Also excluded are proceeds on sale and operating leaseback of non-current assets of \$329.4 million (2004: \$221.8 million), which are offset against the relevant asset's written down value before recognition of the profit or loss on sale. Net profit on sale of non-current assets was \$9.6 million (2004: \$0.5 million loss).

6 Other expenses include contract work materials, printing, stationery, insurance and other miscellaneous expenses.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2005

	June 2005 \$m	June 2004 \$m
<b>Current assets</b>		
Cash	198.0	335.9
Receivables	2,836.1	2,116.3
Net receivables under hedge/swap contracts	185.1	302.1
Inventories	333.0	375.5
Other	157.7	192.2
<b>Total current assets</b>	<b>3,709.9</b>	<b>3,322.0</b>
<b>Non-current assets</b>		
Receivables	287.7	304.6
Net receivables under hedge/swap contracts	853.7	997.0
Investments accounted for using the equity method	343.7	339.7
Other investments	99.9	110.1
Property, plant and equipment	12,612.5	12,256.6
Intangible assets	142.0	152.4
Deferred tax assets	0.2	0.9
Other	84.8	90.9
<b>Total non-current assets</b>	<b>14,424.5</b>	<b>14,252.2</b>
<b>Total assets</b>	<b>18,134.4</b>	<b>17,574.2</b>
<b>Current liabilities</b>		
Payables	2,111.2	2,167.5
Interest bearing liabilities	315.0	821.9
Net payables under hedge/swap contracts	142.8	250.8
Provisions	400.2	381.6
Current tax liabilities	85.9	30.1
Revenue received in advance	1,535.8	1,493.3
Deferred lease benefits/income	44.1	45.0
<b>Total current liabilities</b>	<b>4,635.0</b>	<b>5,190.2</b>
<b>Non current liabilities</b>		
Interest bearing liabilities	5,234.7	5,081.8
Net payables under hedge/swap contracts	450.0	131.6
Provisions	336.3	331.7
Deferred tax liabilities	910.6	806.9
Deferred lease benefits/income	140.9	191.7
<b>Total non-current liabilities</b>	<b>7,072.5</b>	<b>6,543.7</b>
<b>Total liabilities</b>	<b>11,707.5</b>	<b>11,733.9</b>
<b>Net assets</b>	<b>6,426.9</b>	<b>5,840.3</b>
<b>Equity</b>		
Contributed equity	4,173.4	3,994.9
Reserves	56.2	54.4
Retained profits	2,193.1	1,776.3
<b>Equity attributable to members of the Company</b>	<b>6,422.7</b>	<b>5,825.6</b>
Outside equity interests in controlled entities	4.2	14.7
<b>Total equity</b>	<b>6,426.9</b>	<b>5,840.3</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

for the year ended 30 June 2005

	June 2005 \$m	June 2004 \$m
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations	13,211.0	12,328.5
Cash payments in the course of operations	(11,015.9)	(10,128.6)
Interest received	116.9	126.0
Borrowing costs paid	(287.2)	(305.6)
Dividends received	28.1	12.4
Income taxes paid	(102.9)	(33.3)
<b>Net cash provided by operating activities</b>	<b>1,950.0</b>	<b>1,999.4</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(1,682.9)	(2,007.0)
Proceeds from sale of property, plant and equipment	71.5	50.1
Proceeds from sale and leaseback of non-current assets	257.9	171.7
Payments for investments, net of cash acquired	(44.6)	(271.9)
(Advances)/repayments of investment loans	1.9	(128.2)
Payments for other intangibles	-	(47.3)
<b>Net cash used in investing activities</b>	<b>(1,396.2)</b>	<b>(2,232.6)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(1,144.5)	(1,822.9)
Proceeds from borrowings/swaps	1,302.9	1,413.2
Net proceeds from the issue of shares	-	90.6
Receipts from aircraft security deposits	1.3	63.1
Dividends paid	(175.0)	(161.4)
<b>Net cash used in financing activities</b>	<b>(15.3)</b>	<b>(417.4)</b>
<b>Net increase / (decrease) in cash held</b>	<b>538.5</b>	<b>(650.6)</b>
Cash at the beginning of the financial year	1,365.3	2,015.9
<b>Cash at the end of the financial year</b>	<b>1,903.8</b>	<b>1,365.3</b>

**Reconciliation of cash**

Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	June 2005 \$m	June 2004 \$m
Cash on hand and at bank	115.3	110.8
Cash at call	82.7	225.1
Short term money market securities and term deposits	1,705.8	1,029.4
<b>Cash at the end of the financial year</b>	<b>1,903.8</b>	<b>1,365.3</b>

**Non-cash financing and investing activities**

During the year 52,474,143 (2004: 44,006,749) shares were issued under the Dividend Reinvestment Plan. Dividends settled in shares rather than cash during the year totalled \$178.5 million (2004: \$146.5 million).

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 June 2005

**Note 1. Basis of Preparation of Preliminary Final Report**

The Preliminary Final Report has been prepared in accordance with ASX listing rule 4.3A and has been derived from the Financial Report. The Financial Report has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act.

The Preliminary Final Report has been prepared on the basis of historical costs and, except where stated, does not take into account changing money values or fair values of assets.

The accounting policies adopted in this report have been consistently applied by each entity in the consolidated entity and are consistent with those of the previous year.

This report is based on accounts which are in the process of being audited.

The current reporting year in the preliminary final report is the year ended 30 June 2005 while the prior year is the year ended 30 June 2004.

**Note 2. Retained Profits**

	June 2005 \$m	June 2004 \$m
Retained profits at the beginning of the financial year	1,776.3	1,435.9
Net profit attributable to members of the Company	763.6	648.4
Acquisition of outside equity interest of subsidiary	7.0	-
Dividends and other equity distributions paid or payable *	(353.8)	(308.0)
<b>Retained profits at the end of the financial year</b>	<b>2,193.1</b>	<b>1,776.3</b>

\* Dividends declared by the Qantas Group include dividends declared to outside equity interests by Caterair Airport Services (Sydney) Pty Limited of \$0.7 million and by Holiday Tours and Travel Pty Limited of \$0.2 million.

**Note 3. Dividends**

A fully franked final dividend of 9 cents per ordinary share was paid on 29 September 2004 in relation to the financial year ended 30 June 2004. The total amount of the dividend declared was \$166.1 million.

A fully franked interim dividend of 10 cents per ordinary share was paid on 6 April 2005 in relation to the financial year ended 30 June 2005. The total amount of the dividend declared was \$186.8 million.

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 June 2005

**Note 4. Tax Reconciliation**

The prima facie income tax on profit from ordinary activities differs from the income tax charged in the Statement of Financial Performance and is calculated as follows:

	June 2005 \$m
Profit from ordinary activities	1,027.2
Prima facie income tax expense @ 30%	308.2
Less: tax consolidation benefit	(52.1)
Less: initial recognition of tax losses	(9.6)
Add: other items	16.3
<b>Income tax expense related to ordinary activities</b>	<b>262.8</b>

**Note 5. Contingent Liabilities**

The matter concerning Deep Vein Thrombosis (DVT) first identified in the December 2003 half-year report has been resolved in the current year. The High Court of Australia dismissed the appeal brought by a passenger alleging injury suffered as a result of a DVT and the House of Lords in the UK dismissed a similar action brought by passengers in the UK.

Qantas was issued with a notice of dispute in March 2005 in relation to a contract let by Qantas for design and construction of a Heavy Maintenance Hangar at Brisbane Airport. The plaintiff's estimate of the claim is approximately \$10-12 million plus other unquantified claims. Proceedings were recently commenced against Qantas in respect of one aspect of those claims. However, Qantas and the plaintiff have agreed to stay the proceedings until September 2005 to allow time for completion of the project and discussion of the claim.

NSW Payroll Tax legislation was amended in January 2004 to capture services performed partly in NSW. The NSW Office of State Revenue believes that this legislative amendment is wide enough to capture payroll tax on allowances paid to long-haul cabin and flight crew outside Australia. It is Qantas' view that the allowances are paid wholly with respect to services performed overseas therefore the legislative amendments have no application. The OSR is now proposing to issue Qantas with a default assessment likely to result in Qantas litigating the issue. The payroll tax in dispute is approximately \$7.0 million per annum.

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**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 June 2005

With the exception of the above matters, the contingent liabilities reported in the June 2004 Annual Report remain unresolved.

**Note 6. Post Balance Date Events**

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to significantly affect the operations of the Qantas Group, the results of those operations, or the state of affairs of the Qantas Group, in this financial year or in future financial years.

**Note 7. Australian Equivalents to International Financial Reporting Standards**

For reporting periods beginning on or after 1 January 2005, the Qantas Group must comply with Australian equivalents to International Financial Reporting Standards (A-IFRS) as issued by the Australian Accounting Standards Board.

Material Accounting Policy Changes Required on Adoption of A-IFRS

Qantas informed the market of the significant changes in accounting policies required on transition to A-IFRS on 24 June 2005. There have been no changes to the A-IFRS accounting policies disclosed, however the amounts presented below reflect minor adjustments to transition calculations and an update to replace 30 June 2005 estimates with actual amounts. The A-IFRS adoption adjustment at 30 June 2004 increase \$4.2 million as a result of changes to the calculation of major aircraft inspection costs. The 2005 Annual Report will provide further explanation of the accounting policies and the impact of the transition to A-IFRS.

The users of this information should note that only a complete A-IFRS based financial report will provide the additional disclosures and explanations required to obtain a true and fair view under A-IFRS.

There is a significant amount of judgement involved in the preparation of the reconciliations from current Australian GAAP to A-IFRS. Consequently, the final reconciliations presented in the first financial report prepared in accordance with A-IFRS may vary from the information provided below.

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 June 2005

Financial Impact of A-IFRS Adoption

Qantas Group Retained Profits	1 July 2004 \$m	A-IFRS Adjustments Impacting 30 June 2005			Dividends & Other \$m	30 June 2005 \$m
		Gross Profit \$m	Tax Expense \$m	Net Profit \$m		
<b>Retained Profits Reported Under AGAAP</b>	1,776.3	1,027.2	(262.8)	764.4	(347.6)	<b>2,193.1</b>
Add/(Less): A-IFRS Adjustments						
AASB 118 Revenue	(669.0)	(142.3)	42.7	(99.6)	0.0	(768.6)
AASB 119 Employee Benefits	(53.5)	57.2	(17.2)	40.0	0.0	(13.5)
AASB 117 Leases	(51.6)	(16.8)	5.0	(11.8)	0.0	(63.4)
AASB 116 Property, Plant & Equipment	14.9	(0.4)	0.1	(0.3)	0.0	14.6
AASB 112 Income Taxes	(46.7)	0.0	1.9	1.9	0.0	(44.8)
Net Other Transition Adjustments	(0.7)	33.3	1.1	34.4	0.0	33.7
	(806.6)	(69.0)	33.6	(35.4)	0.0	(842.0)
<b>Retained Profits Reported Under A-IFRS</b>	<b>969.7</b>	<b>958.2</b>	<b>(229.2)</b>	<b>729.0</b>	<b>(347.6)</b>	<b>1,351.1</b>

Financial Instruments

The transition to AASB 139 Financial Instruments: Recognition and Measurement applies to Qantas effective from 1 July 2005 and requires no restatement of comparatives. The areas of significant difference between the requirements of AASB 139 and existing Australian GAAP are discussed below:

1. Options

Only the "intrinsic" value of an option can be designated as a hedging instrument. The changes in the fair value of non-intrinsic components of the option price are to be reflected in the Statement of Financial Performance.

2. Aviation Fuel

Qantas uses various fuel index derivatives to hedge its jet fuel price risk. AASB 139 does not permit component hedging of commodity risks. Therefore for the hedge to be effective, it requires movements in the jet fuel price to correlate with movements in the derivative within a 80% to 125% band. Qantas has developed a methodology to test hedge effectiveness for fuel.

**QANTAS AIRWAYS LIMITED**  
**ABN 16 009 661 901**

**OPERATIONAL STATISTICS**  
for the year ended 30 June 2005

<b>(Unaudited)</b>		<b>Year Ended 30 June 2005</b>	<b>Year Ended 30 June 2004</b>	<b>Percentage Increase/ (Decrease)</b>
<b>QANTAS - SCHEDULED SERVICES</b>				
<i>TRAFFIC AND CAPACITY</i>				
Passengers carried	000	24,734	26,106	(5.3)
Revenue passenger kilometres (RPK)	m	77,198	75,621	2.1
Available seat kilometres (ASK)	m	100,265	96,020	4.4
Revenue seat factor	%	77.0	78.8	(1.8) pts
Revenue freight tonne kilometres (RFTK)	m	2,329	1,601	45.5
<b>AUSTRALIAN AIRLINES - SCHEDULED SERVICES</b>				
<i>TRAFFIC AND CAPACITY</i>				
Passengers carried	000	812	705	15.2
Revenue passenger kilometres (RPK)	m	3,906	3,485	12.1
Available seat kilometres (ASK)	m	5,646	5,148	9.7
Revenue seat factor	%	69.2	67.7	1.5 pts
<b>QANTASLINK - SCHEDULED SERVICES</b>				
<i>TRAFFIC AND CAPACITY</i>				
Passengers carried	000	3,058	2,996	2.1
Revenue passenger kilometres (RPK)	m	1,879	1,931	(2.7)
Available seat kilometres (ASK)	m	2,595	2,687	(3.4)
Revenue seat factor	%	72.4	71.9	0.5 pts
<b>JETSTAR - SCHEDULED SERVICES</b>				
<i>TRAFFIC AND CAPACITY</i>				
Passengers carried	000	4,384	315	n/a
Revenue passenger kilometres (RPK)	m	4,346	277	n/a
Available seat kilometres (ASK)	m	6,004	383	n/a
Revenue seat factor	%	72.4	72.3	0.1 pts
<b>QANTAS GROUP OPERATIONS</b>				
<i>TRAFFIC AND CAPACITY</i>				
Passengers carried	000	32,658	30,076	8.6
Revenue passenger kilometres (RPK)	m	86,986	81,276	7.0
Available seat kilometres (ASK)	m	114,003	104,200	9.4
Revenue seat factor	%	76.3	78.0	(1.7) pts
Aircraft in service at year end	#	200	190	10 units
<i>FINANCIAL</i>				
Yield (passenger revenue per RPK)	¢	10.64	10.46	1.7
<i>PRODUCTIVITY</i>				
Average full-time equivalent employees	#	35,520	33,862	4.9
RPK per employee	000	2,449	2,400	2.0
ASK per employee	000	3,210	3,077	4.3

**QANTAS AIRWAYS LIMITED**  
**ABN 16 009 661 901**

**CONSOLIDATED EARNINGS BEFORE INTEREST AND TAX**  
for the year ended 30 June 2005

(Unaudited)	Year Ended 30 June 2005 \$m	% of Group Total	Year Ended 30 June 2004 \$m	% of Group Total
Qantas	965.1	86.1	863.5	78.6
Australian Airlines	(11.6)	(1.0)	1.1	0.1
QantasLink Group	42.9	3.8	97.0	8.8
Jetstar	44.1	3.9	(23.4)	(2.1)
<b>Total Flying Operations</b>	<b>1,040.5</b>	<b>92.8</b>	<b>938.2</b>	<b>85.4</b>
Other Subsidiaries: <sup>1</sup>				
Qantas Holidays Group	50.9	4.5	54.1	4.9
Qantas Flight Catering Group	22.1	1.9	90.0	8.2
Qantas Defence Services	10.2	0.9	8.7	0.8
Equity Accounting	1.8	0.2	19.7	1.8
Other Subsidiaries	(3.8)	(0.3)	(12.5)	(1.1)
<b>Total Other Subsidiaries</b>	<b>81.2</b>	<b>7.2</b>	<b>160.0</b>	<b>14.6</b>
<b>Group Earnings Before Interest and Tax</b>	<b>1,121.7</b>	<b>100.0</b>	<b>1,098.2</b>	<b>100.0</b>

**Notes**

<sup>1</sup> Subsidiary operations earnings before interest and tax includes profit earned on services provided to Qantas Airways Limited.

(Unaudited)	Year Ended 30 June 2005 \$m	Segment Charges \$m	Year Ended 30 June 2005 Pre Segmentation \$m
Qantas	965.1	98.6	866.5
Australian Airlines	(11.6)	(9.3)	(2.3)
QantasLink Group	42.9	(44.3)	87.2
Jetstar	44.1	0.0	44.1
<b>Total Flying Operations</b>	<b>1,040.5</b>	<b>45.0</b>	<b>995.5</b>
Other Subsidiaries: <sup>1</sup>			
Qantas Holidays Group	50.9	(7.6)	58.5
Qantas Flight Catering Group	22.1	(37.4)	59.5
Qantas Defence Services	10.2	0.0	10.2
Equity Accounting	1.8	0.0	1.8
Other Subsidiaries	(3.8)	0.0	(3.8)
<b>Total Other Subsidiaries</b>	<b>81.2</b>	<b>(45.0)</b>	<b>126.2</b>
<b>Group Earnings Before Interest and Tax</b>	<b>1,121.7</b>	<b>0.0</b>	<b>1,121.7</b>

**QANTAS AIRWAYS LIMITED**  
**ABN 16 009 661 901**

**CONSOLIDATED DEBT, GEARING AND CAPITALISATION OF  
NON-CANCELLABLE OPERATING LEASES**

as at 30 June 2005

<b>(Unaudited)</b>	<b>As at 30 June 2005 \$m</b>	<b>As at 30 June 2004 \$m</b>	<b>Percentage Change %</b>
<b>Statement of Financial Position Equity</b>	6,426.9	5,840.3	10.0
<b>On Balance Sheet Debt <sup>1</sup></b>			
Current Debt	315.0	821.9	(61.7)
Non-current Debt <sup>2</sup>	5,234.7	5,081.8	3.0
Swap Offset <sup>3</sup>	(674.4)	(897.5)	(24.9)
Cash and Cash Equivalents <sup>4</sup>	(2,031.2)	(1,500.2)	35.4
Net Debt	2,844.1	3,506.0	(18.9)
<b>Off Balance Sheet Debt</b>			
Present Value of Non-Cancellable Operating Leases <sup>5</sup>	2,194.5	2,068.2	6.1
Net Debt including Off Balance Sheet Debt	5,038.6	5,574.2	(9.6)
<b>Revenue Hedge Receivables <sup>6</sup></b>	228.4	(19.2)	n/a
Net Debt Including Off Balance Sheet Debt and Revenue Hedge Receivables	5,267.0	5,555.0	(5.2)
<b>Statement of Financial Position including Off Balance Sheet Debt</b>			
Total Assets	20,271.5	19,455.4	4.2
Total Liabilities	13,879.3	13,728.2	1.1
Total Equity	6,392.2	5,727.2	11.6
<b>Net Debt to Net Debt and Equity <sup>7</sup></b>	31 : 69	38 : 62	n/a
<b>Net Debt to Net Debt and Equity (including Off Balance Sheet Debt) <sup>7</sup></b>	44 : 56	49 : 51	n/a
<b>Net Debt to Net Debt and Equity (including Off Balance Sheet Debt and Revenue Hedge Receivables) <sup>7</sup></b>	45 : 55	49 : 51	n/a
<b>Working Capital Ratio</b>	45 : 55	38 : 62	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) includes 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. The present value of non-cancellable operating leases has been calculated assuming the assets are owned and debt funded and is not consistent with the disclosure requirements of AASB 1008 - Leases.
6. Revenue Hedge Receivables are included in the statement of financial position until the revenue to which they relate is realised.
7. 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**

as at 30 June 2005

<b>(Unaudited)</b>	<b>Year Ended 30 June 2005 \$m</b>	<b>Year Ended 30 June 2004 \$m</b>
<b>Borrowing Costs</b>		
Net Borrowing Costs	94.5	133.6
Capitalised Interest	74.4	49.2
Interest on Non-cancellable Operating Leases	100.2	135.9
<b>Adjusted Net Interest Expense</b>	<b>269.1</b>	<b>318.7</b>
<b>Interest Cover</b>	11.9	8.2
<b>Average Net Debt *</b>		
Average Net Debt Including Off Balance Sheet Debt	5,306.4	5,377.9
Average Net Debt Including Off Balance Sheet Debt and Revenue Hedge Receivable	5,411.0	5,427.1
<b>Adjusted Net Borrowing Costs as a Percentage of:</b>		
Average Net Debt Including Off Balance Sheet Debt	5.1	5.9
Average Net Debt Including Off Balance Sheet Debt and Revenue Hedge Receivable	5.0	5.9
* Average Net Debt balances are calculated on a weighted average basis.		