

Appendix 4B (rule 4.13(b))

Half Yearly Report

Introduced 1/7/2000. Amended 30/9/2001.

Name of entity

QANTAS AIRWAYS LIMITED

ABN

16 009 661 901

Half yearly
(tick)

Preliminary
final (tick)

Half year ended
(‘current period’)

31 DECEMBER 2001

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	5,664.6
Profit (loss) from ordinary activities after tax (before amortisation of goodwill) attributable to members (item 1.20)	down	40.8%	to	156.3
Profit (loss) from ordinary activities after tax attributable to members (item 1.23)	down	41.6%	to	153.5
Profit (loss) from extraordinary items after tax attributable to members (item 2.5)	-	-	-	-
Net profit (loss) for the period attributable to members (item 1.11)	down	41.6%	to	153.5

Dividends (distributions)	Amount per security	Franked amount per security at 30% tax (prior year: 34%)
Interim dividend (item 15.6)	8.0 ¢	8.0 ¢
Previous corresponding period (item 15.7)	11.0 ¢	11.0 ¢

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

13 March 2002

Brief explanation of omission of directional and percentage changes to profit in accordance with Note 1 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 Half-Yearly Report.

Consolidated statement of financial performance

	Current period \$Am	Previous corresponding period \$Am
1.1 Revenues from ordinary activities *	5,664.6	5,098.9
1.2 Expenses from ordinary activities (see items 1.24 + 12.5 + 12.6)	(5,419.5)	(4,628.4)
1.3 Borrowing costs (net of interest revenue – see item 12.1)	(39.2)	(54.1)
1.4 Share of net profit (loss) of associates and joint venture entities (see item 16.7) **	25.4	-
1.5 Profit (loss) from ordinary activities before tax	231.3	416.4
1.6 Income tax on ordinary activities	(75.2)	(152.0)
1.7 Profit (loss) from ordinary activities after tax	156.1	264.4
1.8 Profit (loss) from extraordinary items after tax (see item 2.5)	-	-
1.9 Net profit (loss)	156.1	264.4
1.10 Net profit (loss) attributable to outside equity interests	(2.6)	(1.5)
1.11 Net profit (loss) for the period attributable to members	153.5	262.9
Non-Owner Transaction Changes in Equity		
Net exchange differences on translation of financial statements of self-sustaining foreign operations	-	1.4
Movement in Reserves on Adoption of Equity Accounting	3.1	-
Total changes in equity from non-owner related transactions attributable to members of the company	156.6	264.3
Basic Earnings per Share	11.1 cents	21.5 cents
Diluted Earnings per Share	11.0 cents	21.3 cents

* Excludes proceeds on sale (and on sale and leaseback) of non-current assets of \$42.0 million (2000: \$153.3 million), and interest revenue of \$28.8 million (2000: \$35.1 million) which is included in net interest expense.

** 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 \$25.4 million has been booked in the half-year result. The prior period result included \$8.6 million from dividends received from associates.

Consolidated retained profits

	Current period \$Am	Previous corresponding period \$Am
1.12 Retained profits (accumulated losses) at the beginning of the financial period	1,078.0	926.8
1.13 Net profit (loss) attributable to members (<i>item 1.11</i>)	153.5	262.9
1.14 Net transfers to and from reserves	-	-
1.15 Net effect of changes in accounting policies	-	-
1.16 Dividends and other equity distributions paid or payable	(125.0)	(144.3)
1.17 Retained profits (accumulated losses) at end of financial period	1,106.5	1,045.4

Profit restated to exclude amortisation of goodwill

	Current period \$Am	Previous corresponding period \$Am
1.18 Profit (loss) from ordinary activities after tax before outside equity interests (<i>items 1.7</i>) and amortisation of goodwill	158.9	265.6
1.19 Less (plus) outside equity interests	2.6	1.5
1.20 Profit (loss) from ordinary activities after tax (before amortisation of goodwill) attributable to members	156.3	264.1

Profit (loss) from ordinary activities attributable to members

	Current period \$Am	Previous corresponding period \$Am
1.21 Profit (loss) from ordinary activities after tax (<i>item 1.7</i>)	156.1	264.4
1.22 Less (plus) outside equity interests	2.6	1.5
1.23 Profit (loss) from ordinary activities after tax, attributable to members	153.5	262.9

Revenue and expenses from ordinary activities

		Current period \$Am	Previous corresponding period \$Am
1.24	Details of revenue		
	Net Passenger Revenue	4,463.0	3,997.2
	Net Freight Revenue	291.0	310.5
	Tour and Travel Sales	337.4	304.9
	Other Sources	573.2	486.3
	Revenues from ordinary activities	5,664.6	5,098.9
	Details of expenditure		
	Manpower and Staff Related	1,298.6	1,279.0
	Selling and Marketing	583.3	563.0
	Aircraft Operating – Variable	1,165.8	965.6
	Fuel and Oil	878.5	654.3
	Property	125.3	116.6
	Computer and Communication	204.4	174.1
	Depreciation and Amortisation	358.5	345.0
	Non-cancellable Operating Lease Rentals	118.1	77.5
	Tour and Travel Cost Of Sales	297.0	268.2
	Capacity Hire, Insurance and Other	390.0	185.1
	Expenses from ordinary activities	5,419.5	4,628.4

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	(2.8)	-	-	(2.8)
2.2	Amortisation of other intangibles	-	-	-	-
2.3	Total amortisation of intangibles	(2.8)	-	-	(2.8)
2.4	Extraordinary items	-	-	-	-
2.5	Total extraordinary items	-	-	-	-

Intangible and extraordinary items (continued)

	<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	(1.2)	-	-	(1.2)
Amortisation of other intangibles	-	-	-	-
Total amortisation of intangibles	(1.2)	-	-	(1.2)
Extraordinary items	-	-	-	-
Total extraordinary items	-	-	-	-

Comparison of half year profits

(Preliminary final report only)

	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 1.23 in the half yearly report)	n/a	n/a
3.2 Consolidated profit (loss) from ordinary activities after tax attributable to members for the 2nd half year	n/a	n/a

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	273.3	145.5	172.3
4.2	Receivables	2,081.3	1,496.2	1,758.1
	Net receivables under hedge/swap contracts	482.6	241.5	271.4
4.3	Investments	-	-	-
4.4	Inventories	385.3	332.9	318.9
4.5	Other	152.1	142.7	158.9
4.6	Total current assets	3,374.6	2,358.8	2,679.6
Non-current assets				
4.7	Receivables	396.8	569.9	576.4
	Net receivables under hedge/swap contracts	1,855.5	2,135.3	2,065.7
4.8	Investments (equity accounted)	67.2	-	-
4.9	Other investments	8.2	56.4	48.1
4.10	Inventories	-	-	-
4.11	Exploration and evaluation expenditure capitalised	-	-	-
4.12	Development properties (mining entities)	-	-	-
4.13	Other property, plant and equipment (net)	7,998.4	7,324.4	7,053.4
4.14	Intangibles (net)	170.5	21.5	21.5
4.15	Deferred tax assets	45.7	30.9	38.0
	Other	13.5	16.4	12.8
4.16	Total non-current assets	10,555.8	10,154.8	9,815.9
4.17	Total assets	13,930.4	12,513.6	12,495.5
Current liabilities				
4.18	Accounts payables	2,225.9	2,049.1	1,976.3
4.19	Interest bearing liabilities	547.7	974.7	822.1
	Net payables under hedge/swap contracts	437.7	257.9	292.9
4.20	Provisions	552.5	512.8	522.4
	Current tax liabilities	31.0	(8.8)	79.2
4.21	Revenue received in advance	1,142.7	1,187.8	1,201.8
	Deferred lease benefits/income	45.6	39.8	41.3
4.22	Total current liabilities	4,983.1	5,013.3	4,936.0

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			
4.23 Accounts payables	-	-	-
4.24 Interest bearing liabilities	3,230.3	2,355.6	2,487.6
Net payables under hedge/swap contracts	356.2	576.7	589.0
4.25 Provisions	406.1	360.4	348.1
Deferred tax liabilities	527.3	496.1	494.2
4.26 Deferred lease benefits/income	344.9	381.6	410.6
Other non-current liabilities	10.5	14.0	14.0
4.27 Total non-current liabilities	4,875.3	4,184.4	4,343.5
4.28 Total liabilities	9,858.4	9,197.7	9,279.5
4.29 Net assets	4,072.0	3,315.9	3,216.0
Equity			
4.30 Capital/contributed equity	2,894.9	2,173.0	2,107.3
4.31 Reserves	57.4	54.3	55.4
4.32 Retained profits (accumulated losses)	1,106.5	1,078.0	1,045.4
4.33 Equity attributable to members of the company	4,058.8	3,305.3	3,208.1
4.34 Outside equity interests in controlled entities	13.2	10.6	7.9
4.35 Total equity	4,072.0	3,315.9	3,216.0
4.36 Preference capital included as part of 4.33	-	-	-

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	5,774.7	4,912.5
7.2 Payments to suppliers and employees	(5,205.5)	(4,265.8)
7.3 Dividends received from associates	3.1	17.7
7.4 Other dividends received	-	-
7.5 Interest and other items of similar nature received	28.1	34.9
7.6 Interest and other costs of finance paid	(87.0)	(84.2)
7.7 Income taxes paid	(101.9)	(130.9)
7.8 Other	-	-
7.9 Net operating cash flows	411.5	484.2
Cash flows related to investing activities		
7.10 Payment for purchases of property, plant and equipment	(885.6)	(357.7)
Receipt/(payment) for aircraft security deposits	9.3	34.2
7.11 Total payment for purchases of property, plant and equipment and aircraft security deposits	(876.3)	(323.5)
7.12 Proceeds from sale of property, plant and equipment	4.7	5.8
7.13 Payment for purchases of equity investments	(32.8)	(10.4)
7.14 Proceeds from sale of equity investments	37.3	-
7.15 Loans to other entities	-	-
7.16 Loans repaid by other entities	-	-
7.17 Proceeds from sale and leaseback of property, plant and equipment	-	147.5
7.17 Net investing cash flows	(867.1)	(180.6)
Cash flows related to financing activities		
7.18 Proceeds from issues of securities (shares, options, etc.)	653.5	18.9
7.19 Proceeds from borrowings	1,231.4	439.8
7.20 Repayment of borrowings	(971.5)	(513.3)
7.21 Dividends paid	(50.5)	(377.5)
7.22 Other	-	-
7.23 Net financing cash flows	862.9	(432.1)
7.24 Net increase (decrease) in cash held	407.3	(128.5)
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)	666.5	560.3

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 half-year 21,739,708 (2000: 63,062,220) shares were issued under the Dividend Reinvestment Plan. Dividends settled in shares rather than cash during the half-year totalled \$68.4 million (2000: \$206.2 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	79.9
8.2 Deposits at call	-	-
8.3 Bank overdraft	-	-
8.4 Cash on call	247.3	92.4
Short term money market securities and term deposits	393.2	388.0
8.5 Total cash at end of period (item 7.27)	666.5	560.3

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)	4.1%	8.2%
9.2 Profit after tax / equity interests		
Consolidated net profit (loss) from ordinary activities after tax attributable to members (item 1.9) as a percentage of equity (similarly attributable) at the end of the period (item 4.33)	3.8%	8.2%

Earnings per security (EPS)

	Current period	Previous corresponding period
10.1 Calculation of the following in accordance with AASB 1027: Earnings per Share		
(a) Basic EPS	11.1¢	21.5¢
(b) Diluted EPS (if materially different from (a))	11.0¢	21.3¢
(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	1,383.1m	1,220.4m

NTA backing

	Current period	Previous corresponding period
11.1 Net tangible asset backing per ordinary security	\$2.51	\$2.48

Details of specific receipts/outlays, revenues/ expenses

	Current period \$Am	Previous corresponding period \$Am
12.1 Interest revenue included in determining item 1.5	28.8	35.1
12.2 Interest revenue included in item 12.1 but not yet received (if material)	-	-
12.3 Interest costs excluded from borrowing costs, capitalised in asset values	31.9	2.0
12.4 Outlays (except those arising from the acquisition of an existing business) capitalised in intangibles (if material)	-	-
12.5 Depreciation and amortisation (excluding amortisation of intangibles)	355.7	343.8
12.6 Other specific relevant items not shown in item 1.24		
<i>Revenues</i>		
Dividends received	3.1	17.7
<i>Expenses</i>		
Cancellable operating lease payments	65.1	61.7
Individually Significant Items		
Profit on sale of investment in EQUANT NV	29.2	-
Provision for redundancy costs	(29.0)	-
Profit on sale of Mascot Head Office land and buildings	-	41.2

Control gained over entities having material effect

During the period Qantas gained control of Impulse Airlines Holdings Pty Limited and its Controlled Entities. This acquisition did not have a material impact on the financial results for the half-year.

Loss of control over entities having material effect

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

Reports for industry and geographical segments (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 half-year ended 31 December 2001, 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 services revenue		
Australia	2,961.3	2,452.1
United Kingdom and Europe	495.3	479.3
Japan	377.1	401.0
South East Asia/North East Asia	436.7	407.9
America and the Pacific	447.7	500.8
Other regions	262.6	183.1
	4,980.7	4,424.2
Other operating revenue		
Tours and travel	337.4	304.9
Miscellaneous revenue	346.5	369.8
Total sales and operating revenue	5,664.6	5,098.9
Other revenue		
Interest revenue	28.8	35.1
Proceeds from sale of property, plant and equipment	4.7	5.8
Proceeds from sale of investments	37.3	-
Proceeds from sale and leaseback transactions	-	147.5
Total other revenue	70.8	188.4
Total revenue	5,735.4	5,287.3

Dividends (in the case of a trust, distributions)

15.1	Date the dividend (distribution) is payable	10 April 2002
15.2	Record date to determine entitlements to the dividend (distribution) (ie, on the basis of registrable transfers 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)	13 March 2002
15.3	If it is a final dividend, has it been declared?	n/a

Amount per security

		Amount per security	Franked amount per security at 30% tax (prior year: 34% tax)	Amount per security of foreign source dividend
15.4	<i>(Preliminary final report only)</i> Final dividend: Current year - Final	n/a	n/a	-
15.5	Previous year - Final	n/a	n/a	-
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	n/a	n/a
15.9 Preference securities	n/a	n/a

Half yearly report - interim dividend (distribution) on all securities

	Current period \$Am	Previous corresponding period \$Am
15.10 Ordinary securities	124.1	141.5
15.11 Preference securities	-	-
15.12 Other equity instruments	-	-
15.13 Total	124.1	141.5

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, which are issued at a discount of 2.5 percent to the volume weighted average price of Qantas shares.

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

13 March 2002

Any other disclosures in relation to dividends (distributions)

None

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

	Current period \$Am	Previous corresponding period \$Am
16.1 Profit (loss) from ordinary activities before income tax	37.4	-
16.2 Income tax on ordinary activities	12.0	-
16.3 Profit (loss) from ordinary activities after income tax	25.4	-
16.4 Extraordinary items net of tax	-	-
16.5 Net profit (loss)	25.4	-
16.6 Outside equity interests	-	-
16.7 Net profit (loss) attributable to members	25.4	-

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 \$25.4 million has been booked in the half-year result. The prior period result included \$8.6 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%	(0.8)	-
- Australian Air Express Pty Limited	50.00%	50.00%	9.2	-
- Hallmark Aviation Services LP	49.00%	49.00%	2.3	-
- Travel Industries Automated System Pty Limited	50.00%	50.00%	14.7	-
17.2 Total	-	-	25.4	-
17.3 Other material interests	-	-	-	-
17.4 Total	-	-	25.4	-

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	1,551,524,265	1,551,524,265	n/a	n/a
18.4 Changes during current period				
(a) Increases through issues				
-DRP	21,739,708	21,739,708	\$3.1441	\$3.1441
-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	-	Exercise price	Expiry Date (if any)
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 (totals only)	-	-		
18.12 Unsecured notes (totals only)	-	-		

*During the half-year Qantas awarded 350,000 Entitlements to be issued ordinary shares to Eligible Executives under the Qantas Long-Term Executive Incentive Plan which was approved by shareholders at the 1999 Annual General Meeting. These Entitlements may vest and be convertible into shares between three and five years following award date, conditional on the Executive remaining a Qantas Group employee 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 half-year was \$3.25. The number of Entitlements still available for vesting at 31 December 2001 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	(3,636,000)
Entitlements vested during the period	-

Entitlements available for vesting at 31 December 2001	40,839,500
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Comments by directors

Refer to the attached Media Release, Directors' Report and Statement and attachments to the ASX Half-Yearly Report.

Basis of accounts preparation

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 Half-Yearly Report.

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, with financial effect quantified (if possible):

None.

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

The interim dividend of 8.0 cents per share will be fully franked. It is anticipated that the final dividend for the financial year ending 30 June 2002 will be fully franked.

Changes in accounting policies since the last annual report are disclosed as follows:
(Disclose changes in the half yearly report in accordance with AASB 1029: Half-Year Accounts and Consolidated Accounts. Disclose changes in the Preliminary Final report in accordance with AASB 1001: Accounting Policies-Disclosure.)

None

Additional disclosure for trusts

Not applicable.

Annual meeting
(Preliminary final report only)

The annual meeting will be held as follows:

Place

n/a

Date

n/a

Time

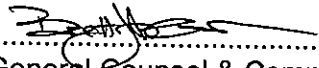
n/a

Approximate date the annual report will be available

n/a

Compliance statement

- 1 This report has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act 2001 or other standards acceptable to ASX.
- 2 This report, and the accounts prepared under the Corporations Act 2001, 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 have been subject to review.
- 5 The auditors' independent review report is attached to this report.
- 6 The entity has a formally constituted Audit Committee.

Sign here: 
(General Counsel & Company Secretary)

Date: 20 February 2002

Print name: Brett Stuart Johnson



Independent review report to the members of Qantas Airways Limited

Scope

We have reviewed the financial report of Qantas Airways Limited for the half-year ended 31 December 2001 in the form of the Rule 4.13(b) version of Appendix 4B of the Australian Stock Exchange Listing Rules, consisting of the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes and the directors' declaration set out on pages 3 to 21. The financial report includes the consolidated financial statements of the consolidated entity, comprising the Company and the entities it controlled at the end of the half-year or from time to time during the half-year. The Company's directors are responsible for the financial report.

We have performed an independent review of the financial report in order to state whether, on the basis of procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements and statutory requirements in Australia so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows and in order for the Company to lodge the financial report with the Australian Securities and Investment Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. The review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. Our review has not involved a study and evaluation of internal accounting controls, tests of accounting records or tests of responses to inquiries by obtaining corroborative evidence from inspection, observation or confirmation. The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Qantas Airways Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
 - giving a true and fair view of the consolidated entity's financial position as at 31 December 2001 and of its performance for the half-year ended on that date; and
 - complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

KPMG

KPMG


Doug Jukes
Partner

20 February 2002
Sydney

OPERATIONAL STATISTICS FOR THE HALF-YEAR ENDED 31 DECEMBER 2001		Half-Year Ended 31 Dec 2001	Half-Year Ended 31 Dec 2000	Percentage Increase/ (Decrease)
(Unaudited)				
DOMESTIC - SCHEDULED SERVICES				
<u>TRAFFIC AND CAPACITY</u>				
Passengers carried	000	7,099	5,675	25.1
Revenue passenger kilometres (RPK)	m	9,522	7,477	27.4
Available seat kilometres (ASK)	m	11,894	9,247	28.6
Revenue seat factor	%	80.1	80.9	(0.8) pts
INTERNATIONAL - SCHEDULED SERVICES				
<u>TRAFFIC AND CAPACITY</u>				
Passengers carried	000	4,338	3,878	11.9
Revenue passenger kilometres (RPK)	m	26,510	26,889	(1.4)
Available seat kilometres (ASK)	m	34,896	35,292	(1.1)
Revenue seat factor	%	76.0	76.2	(0.2) pts
Revenue freight tonne kilometres (RFTK)	m	855	985	(13.2)
Available freight tonne kilometres (AFTK)	m	1,260	1,298	(2.9)
CORE AIRLINE - SCHEDULED SERVICES				
<u>TRAFFIC AND CAPACITY</u>				
Passengers carried	000	11,437	9,553	19.7
Revenue passenger kilometres (RPK)	m	36,032	34,366	4.8
Available seat kilometres (ASK)	m	46,790	44,539	5.1
Revenue seat factor	%	77.0	77.2	(0.2) pts
Average passenger journey length	km	3,150	3,597	(12.4)
Available tonne kilometres (ATK)	m	6,252	6,027	3.7
<u>FINANCIAL</u>				
Yield (passenger revenue per RPK)	c	11.43	10.88	5.1
<u>PRODUCTIVITY</u>				
Average full-time employee strength	#	26,572	25,359	4.8
RPK per employee (annualised)	000	2,690	2,688	0.1
ASK per employee (annualised)	000	3,493	3,484	0.3
Aircraft utilisation (average per day)	Hrs	11.6	11.7	(0.1)
TOTAL GROUP OPERATIONS *				
<u>TRAFFIC AND CAPACITY</u>				
Passengers carried	000	13,335	11,175	19.3
Revenue passenger kilometres (RPK)	m	37,262	35,451	5.1
Available seat kilometres (ASK)	m	48,484	46,060	5.3
Revenue seat factor	%	76.9	77.0	(0.1) pts
Aircraft in service at period end ^	#	178	158	20 units
<u>FINANCIAL</u>				
Yield (passenger revenue per RPK)	c	11.98	11.28	6.2
<u>PRODUCTIVITY</u>				
Average full-time equivalent employees	#	32,361	31,382	3.1
RPK per employee (annualised)	000	2,284	2,241	1.9
ASK per employee (annualised)	000	2,972	2,912	2.1

* Including regional airlines.

^ Excludes one B747-200 leased to Air Pacific.

QANTAS AIRWAYS LIMITED
A.B.N. 16 009 661 901

DETAILED CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE (Unaudited)	Half-Year Ended 31 Dec 2001 \$m	Half-Year Ended 31 Dec 2000 \$m	Percentage Increase/ (Decrease) %
Sales and Operating Revenue			
Net Passenger Revenue	4,463.0	3,997.2	11.7
Net Freight Revenue	291.0	310.5	(6.3)
Tour and Travel Sales	337.4	304.9	10.7
Other Sources *	573.2	486.3	17.9
Sales and Operating Revenue	5,664.6	5,098.9	11.1
Expenditure			
Manpower and Staff Related	1,298.6	1,279.0	1.5
Selling and Marketing	583.3	563.0	3.6
Aircraft Operating - Variable	1,165.8	965.6	20.7
Fuel and Oil	878.5	654.3	34.3
Property	125.3	116.6	7.5
Computer and Communication	204.4	174.1	17.4
Depreciation and Amortisation	358.5	345.0	3.9
Non-Cancellable Operating Lease Rentals	118.1	77.5	52.4
Tour and Travel Cost Of Sales	297.0	268.2	10.7
Capacity Hire, Insurance and Other	390.0	185.1	110.7
Share of Net Profit of Associates **	(25.4)	0.0	n/a
Expenditure	5,394.1	4,628.4	16.5
Earnings Before Interest and Tax (EBIT)	270.5	470.5	(42.5)
Net Interest Expense	39.2	54.1	(27.5)
Profit from Operating Activities Before Related Income Tax Expense	231.3	416.4	(44.5)
Income Tax Expense Relating to Ordinary Activities	75.2	152.0	(50.5)
Net Profit	156.1	264.4	(41.0)
Outside Equity Interest in Net Profit	(2.6)	(1.5)	73.3
Net Profit Attributable to Members of the Company	153.5	262.9	(41.6)
Earnings Per Share (cents)	11.1	21.5	(48.4)

* Excludes proceeds on sale (and on sale and leaseback) of non current assets, and interest revenue which is included in net interest expense.

** 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 \$25.4 million has been booked in the half-year result. The prior period result included \$8.6 million from dividends received from associates.

QANTAS AIRWAYS LIMITED
A.B.N. 16 009 661 901

CONSOLIDATED EARNINGS BEFORE INTEREST AND TAX	Half-Year Ended 31 Dec 2001	% of Group Total	Half-Year Ended 31 Dec 2000	% of Group Total	% Change Over Prior Year
(Unaudited)	\$m		\$m		
International Airline Operations	(15.5)	(5.7)	285.9	60.8	(105.4)
Domestic Airline Operations	180.1	66.6	118.1	25.1	52.5
Subsidiary Operations: *					
Qantas Holidays Group	16.9	6.2	16.0	3.4	5.6
QantasLink Group	21.2	7.8	6.1	1.3	247.5
Qantas Flight Catering Group	38.0	14.0	30.3	6.4	25.4
Other Subsidiaries	29.8	11.1	14.1	3.0	111.3
Total Subsidiary Operations	105.9	39.1	66.5	14.1	59.2
Group Earnings Before Interest and Tax	270.5	100.0	470.5	100.0	(42.5)

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

QANTAS AIRWAYS LIMITED
A.B.N. 16 009 661 901

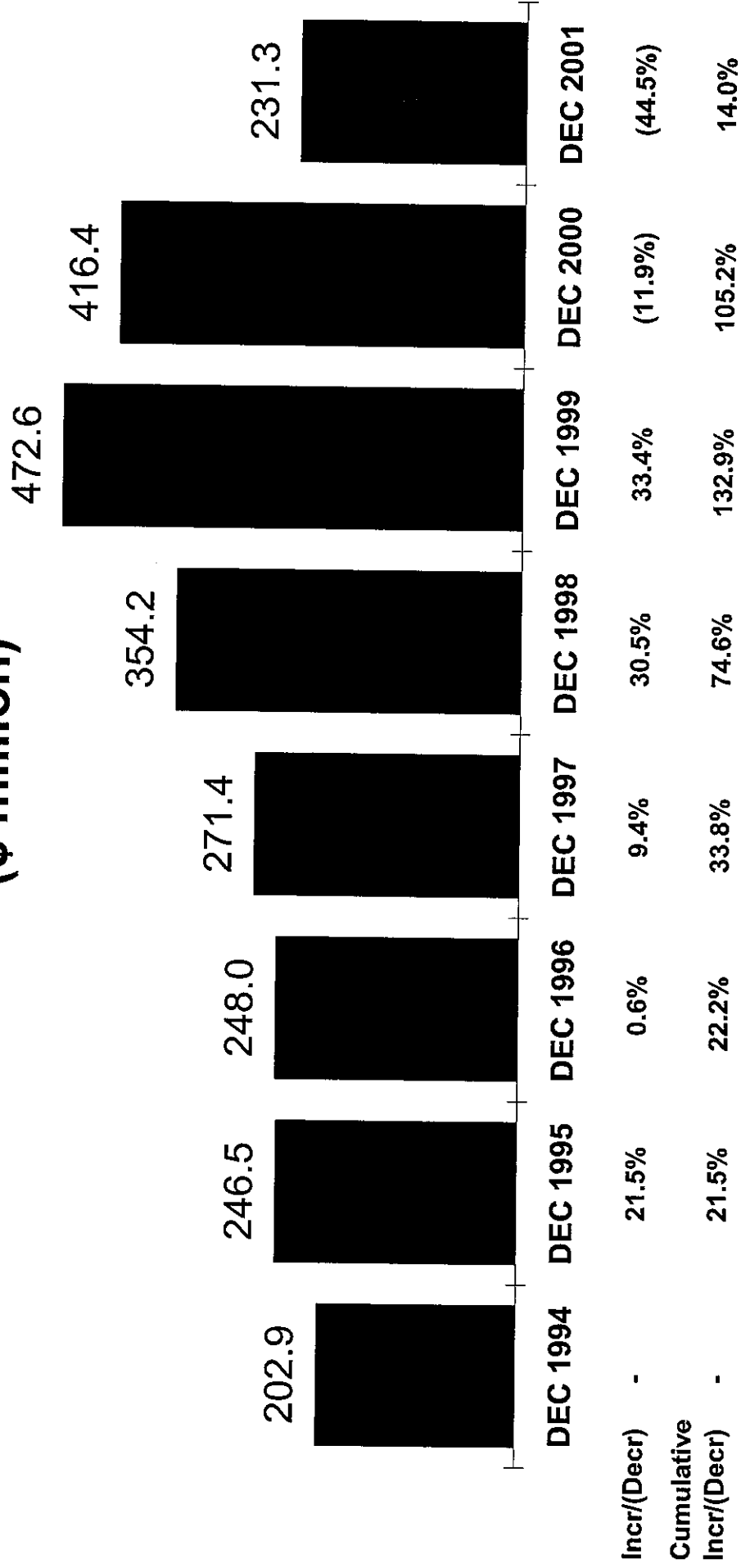
CONSOLIDATED DEBT, GEARING AND CAPITALISATION OF NON-CANCELLABLE OPERATING LEASES (Unaudited)	As at 31 December 2001 \$m	As at 31 December 2000 \$m	Percentage Change %
Statement of Financial Position Equity	4,072.0	3,216.0	26.6
On Balance Sheet Debt ⁽¹⁾			
Current Debt	547.7	822.1	(33.4)
Non-current Debt ⁽²⁾	3,230.3	2,487.6	29.9
Swap Offset ⁽³⁾	(1,297.3)	(1,046.3)	24.0
Cash and Cash Equivalents ⁽⁴⁾	(1,210.9)	(1,109.6)	9.1
Net Debt	1,269.8	1,153.8	10.1
Off Balance Sheet Debt			
Present Value of Non-Cancellable Operating Leases	2,432.9	2,063.9	17.9
Net Debt including Off Balance Sheet Debt	3,702.7	3,217.7	15.1
Revenue Hedge Receivables ⁽⁵⁾	(246.9)	(409.0)	(39.6)
Net Debt including Off Balance Sheet Debt and Revenue Hedge Receivables	3,455.8	2,808.7	23.0
Statement of Financial Position including Off Balance Sheet Debt			
Total Assets	15,866.4	14,094.2	12.6
Total Liabilities	12,079.6	11,108.3	8.7
Total Equity	3,786.8	2,985.9	26.8
Net Debt to Net Debt and Equity	24 : 76	26 : 74	n/a
Net Debt to Net Debt and Equity (including Off Balance Sheet Debt)	50 : 50	52 : 48	n/a
Net Debt to Net Debt and Equity (including Off Balance Sheet Debt and Revenue Hedge Receivables)	48 : 52	49 : 51	n/a
Working Capital Ratio	40 : 60	35 : 65	n/a
Notes			
<ol style="list-style-type: none"> On balance sheet debt includes bank and other loans and lease liabilities. Non current debt excludes debt available to be set-off against non-current assets. 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. 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. 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
A.B.N. 16 009 661 901

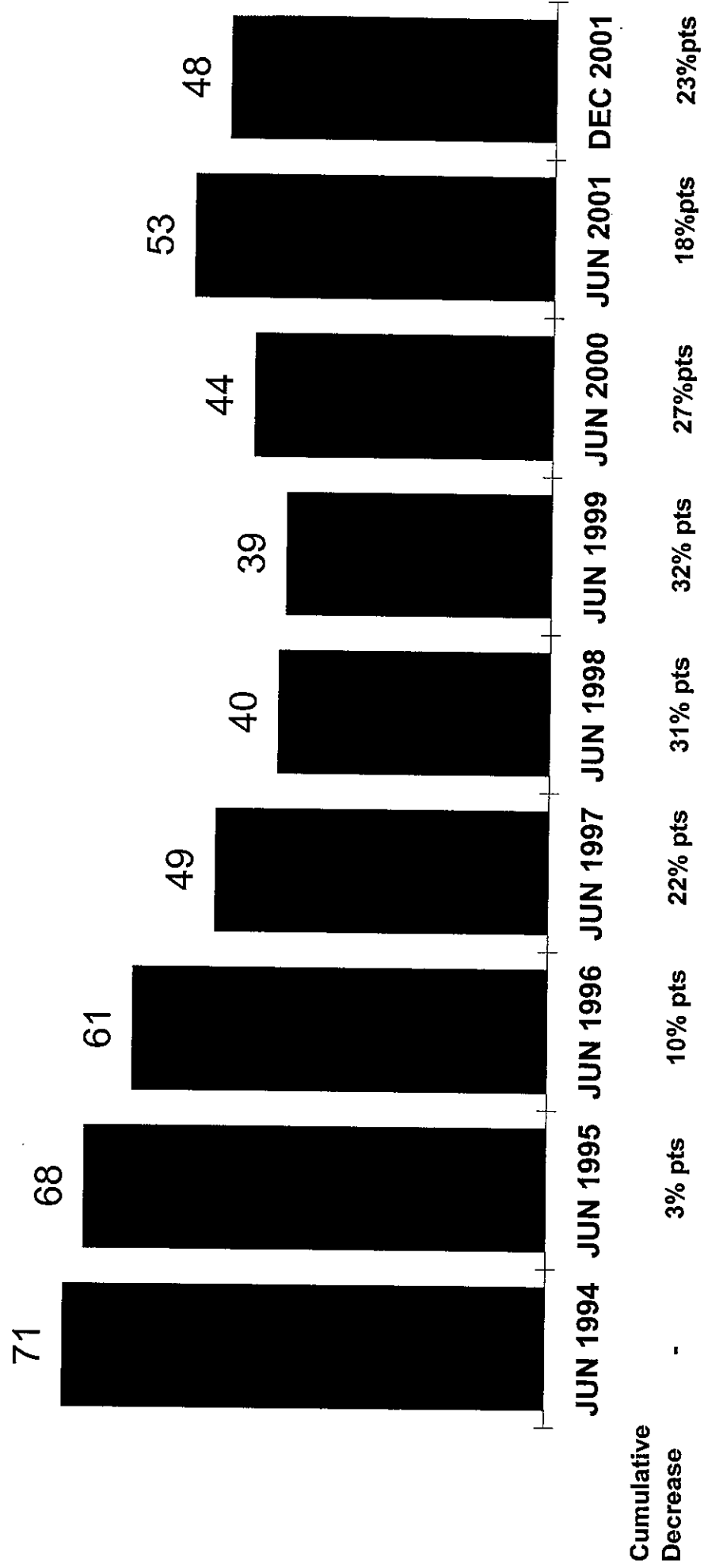
CONSOLIDATED NET INTEREST AS A PERCENTAGE OF AVERAGE NET DEBT	Half-Year Ended 31 December 2001 \$m	Half-Year Ended 31 December 2000 \$m
(Unaudited)		
Interest Expense		
Net Interest Expense	39.2	54.1
Interest on Non-cancellable Operating Leases	58.8	27.1
Adjusted Net Interest Expense	98.0	81.2
Average Net Debt *		
Average Net Debt Including Off Balance Sheet Debt	3,460.2	2,857.3
Average Net Debt Including Off Balance Sheet Debt and Revenue Hedge Receivable	3,132.3	2,453.5
Adjusted Net Interest Expense as a Percentage of:		
Average Net Debt Including Off Balance Sheet Debt	2.8	2.8
Average Net Debt Including Off Balance Sheet Debt and Revenue Hedge Receivable	3.1	3.3

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

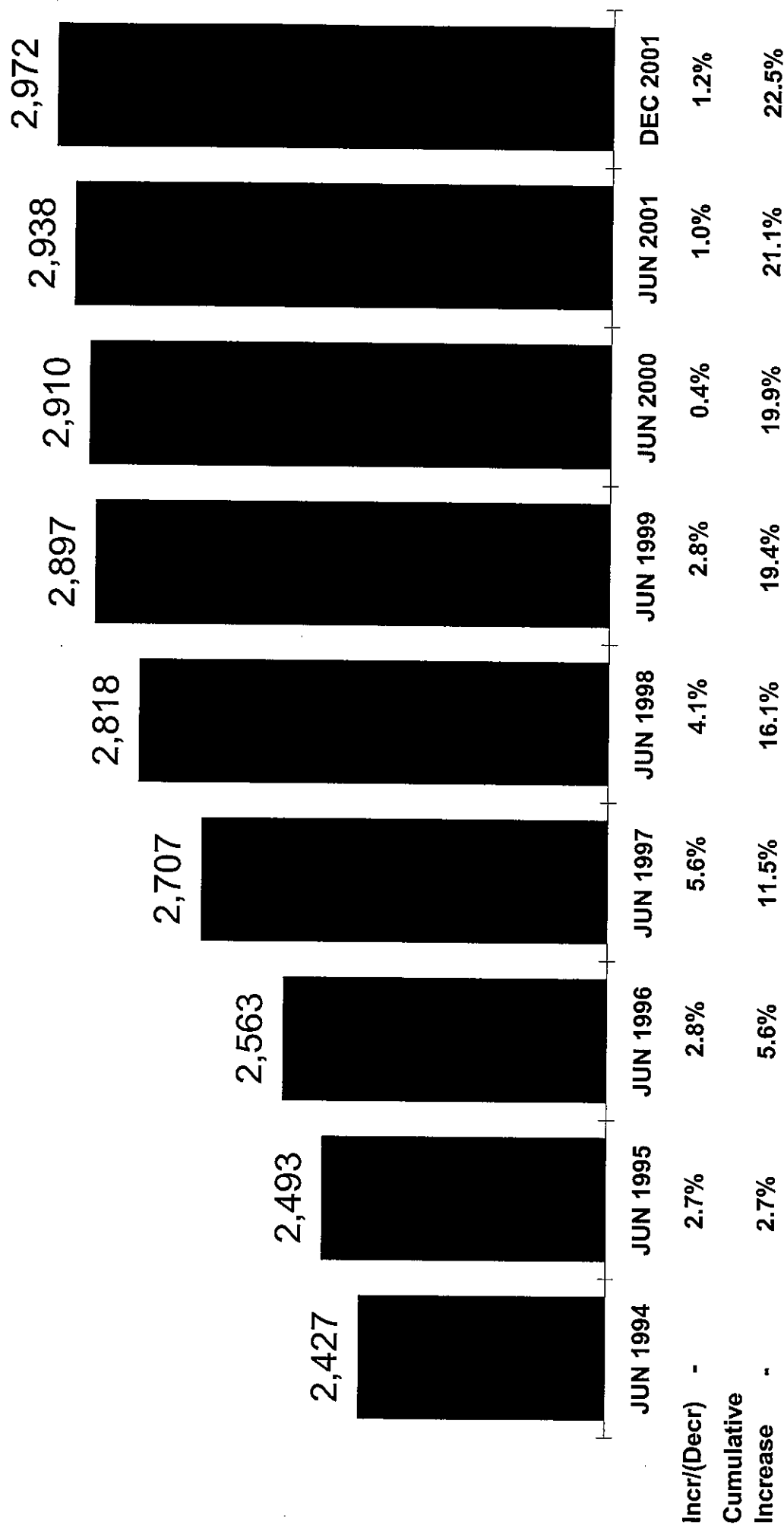
Profit Before Tax Six Months to 31 December 2001 (\$ million)



Gearing (Adjusted for Operating Leases) (%)



ASK's Per Employee (000)



NOTE: December 2001 ASK per employee has been annualised for comparative purposes.

Passenger Numbers Six Months to 31 December 2001 (000)

