

**Qantas Airways Limited and Controlled Entities**

**Consolidated Financial Report**

**Half Year Ended 31 December 2002**

## **QANTAS AIRWAYS LIMITED AND CONTROLLED ENTITIES DIRECTORS' REPORT**

The Directors present their report together with the consolidated financial report for the half-year ended 31 December 2002 and the independent auditors' review report thereon.

### **DIRECTORS**

The Directors of Qantas Airways Limited at any time during or since the end of the half-year are as follows:

<b>Name</b>	<b>Period of Directorship</b>
Margaret Jackson <i>Chairman</i>	<i>Director since July 1992 – appointed Chairman August 2000.</i>
Geoff Dixon <i>Chief Executive Officer</i>	<i>Director since August 2000.</i>
Peter Gregg <i>Chief Financial Officer</i>	<i>Director since September 2000.</i>
Paul Anderson	<i>Appointed September 2002.</i>
Mike Codd	<i>Director since January 1992.</i>
Trevor Eastwood	<i>Director since October 1995.</i>
Jim Kennedy	<i>Director since October 1995.</i>
Trevor Kennedy	<i>Director since April 1994.</i>
Roger Maynard	<i>Director since March 1993.</i>
John Schubert	<i>Director since October 2000.</i>
Nick Tait	<i>Director since March 1993.</i>

### **REVIEW OF OPERATIONS**

Qantas earned a net profit after tax of \$352.5 million for the half-year ended 31 December 2002, which represents an increase of \$199.0 million over the prior year.

Profit before tax for the half-year was \$513.1 million, an increase of \$281.8 million.

Highlights for the six months ended 31 December 2002 include:

- Sales and Operating Revenue increased to \$5.88 billion, up 9.3 percent;
- Expenditure increased to \$5.35 billion, up 4.6 percent; and
- Earnings Per Share increased by 89.2 per cent to 21.0 cents per share;

The Directors recommended an interim dividend of 8 cents per share fully franked.

# **QANTAS AIRWAYS LIMITED AND CONTROLLED ENTITIES DIRECTORS' REPORT**

## **ROUNDING**

The Company is of a kind referred to in Australian Securities and Investments Commission Class Order No. 98/100 dated 10 July 1998, which relates to the "rounding off" of amounts in the Directors' Report and the Financial Report. Amounts in this Report and the accompanying Financial Report has been rounded off to the nearest one hundred thousand dollars in accordance with that Class Order unless otherwise indicated.

Signed pursuant to a Resolution of the Directors:

---

**MARGARET JACKSON**  
Chairman

---

**GEOFF DIXON**  
Chief Executive Officer

Sydney, 19 February 2003

# Appendix 4B

## Half Yearly 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)

Half year ended ('current period')

**31 DECEMBER 2002**

### For announcement to the market

*Extracts from this report for announcement to the market*

\$Am

Revenues from ordinary activities ( <i>item 1.1</i> )	up	9.3%	to	5,883.2
Profit (loss) from ordinary activities after tax attributable to members ( <i>item 1.22</i> )	up	129.6%	to	352.5
Profit (loss) from extraordinary items after tax attributable to members ( <i>item 2.5(d)</i> )		-		-
Net profit (loss) for the period attributable to members ( <i>item 1.11</i> )	up	129.6%	to	352.5

<b>Dividends (distributions)</b>	Amount per security	Franked amount per security
Interim dividend ( <i>item 15.6</i> )	8.0 ¢	8.0 ¢
Previous corresponding period ( <i>item 15.7</i> )	8.0 ¢	8.0 ¢

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

**12 March 2003**

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 Half-Yearly Report.

## Consolidated statement of financial performance

		Current period \$Am	Previous corresponding period \$Am
1.1	Revenues from ordinary activities (see items 1.23 – 1.25) *	5,883.2	5,383.0
1.2	Expenses from ordinary activities (see items 1.26 & 1.27)	(5,359.0)	(5,137.9)
1.3	Net borrowing costs	(23.7)	(39.2)
1.4	Share of net profits (losses) of associates and joint venture entities (see item 16.7)	12.6	25.4
<b>1.5</b>	<b>Profit (loss) from ordinary activities before tax</b>	<b>513.1</b>	<b>231.3</b>
1.6	Income tax on ordinary activities	(159.1)	(75.2)
<b>1.7</b>	<b>Profit (loss) from ordinary activities after tax</b>	<b>354.0</b>	<b>156.1</b>
1.8	Profit (loss) from extraordinary items after tax (see item 2.5)	-	-
<b>1.9</b>	<b>Net profit (loss)</b>	<b>354.0</b>	<b>156.1</b>
1.10	Net profit (loss) attributable to outside equity interests	1.5	2.6
<b>1.11</b>	<b>Net profit (loss) for the period attributable to members</b>	<b>352.5</b>	<b>153.5</b>
<b>Non-owner transaction changes in equity</b>			
1.12	Increase (decrease) in revaluation reserves	-	-
1.13	Net exchange differences related to translation of self-sustaining foreign operations recognised in equity	0.2	-
1.14	Movement in reserves on initial adoption of AASB 1016 “Accounting for Investments in Associates”	-	3.1
	Other revenue, expense and initial adjustments recognised directly in equity		
	Net increase / (decrease) in retained earnings on initial adoption of:		
	Revised AASB 1028 “Employee Benefits”	(3.7)	-
	AASB 1044 “Provisions, Contingent Liabilities and Contingent Assets”	140.7	-
1.15	Initial adjustments from UIG transitional provisions	-	-
1.16	Total transactions and adjustments recognised directly in equity (items 1.12 to 1.15)	137.2	3.1
<b>1.17</b>	<b>Total changes in equity not resulting from transactions with owners as owners</b>	<b>489.7</b>	<b>156.6</b>

\* Excludes proceeds on sale of non-current assets of \$30.5 million (2001: \$42.0 million), and interest revenue of \$44.5 million (2001: \$28.8 million) which is included in net borrowing costs.

\* Passenger and freight revenue is now disclosed net of both sales discount and interline / IATA commission. Previously only sales discount was netted against revenue, with interline / IATA commission being shown as an expense item (refer to Basis of Accounts Preparation (item 19.1) for further information). Comparatives have been adjusted accordingly.

<b>Earnings per security (EPS)</b>		<b>Current period ¢</b>	<b>Previous corresponding period ¢</b>
1.18	Basic EPS	21.0	11.1
1.19	Diluted EPS	20.9	11.0

## 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> )	354.0	156.1
1.21	Less (plus) outside equity interests	1.5	2.6
<b>1.22</b>	<b>Profit (loss) from ordinary activities after tax, attributable to members</b>	<b>352.5</b>	<b>153.5</b>

### Revenue and expenses from ordinary activities

		Current period \$Am	Previous corresponding period \$Am
1.23	Revenue from sales or services		
	Net Passenger Revenue *	4,658.3	4,205.9
	Net Freight Revenue *	279.6	266.5
	Tour and Travel Sales	398.1	337.4
	Contract Work Revenue	274.7	240.7
	Other Sources **	272.5	332.5
1.24	Interest revenue	44.5	28.8
1.25	Other relevant revenue		
	Proceeds from sale of property, plant and equipment	30.5	4.7
	Proceeds from sale of investments	-	37.3
1.26	Details of relevant expenses		
	Manpower and Staff Related	1,509.1	1,298.6
	Selling and Marketing	312.8	301.7
	Aircraft Operating – Variable	1,159.2	1,165.8
	Fuel and Oil	809.5	878.5
	Property	140.4	125.3
	Computer and Communication	212.6	204.4
	Depreciation and Amortisation	359.0	358.5
	Non-cancellable Operating Lease Rentals	140.1	118.1
	Tour and Travel Cost Of Sales	329.5	297.0
	Capacity Hire	217.3	244.4
	Other	169.5	145.6
	Specific expenses included above		
	Cancellable operating lease payments	75.7	65.1

\* Passenger and freight revenue is now disclosed net of both sales discount and interline/IATA commission. Previously only sales discount was netted against revenue, with interline/IATA commission being shown as an expense item (refer to Basis of Accounts Preparation (item 19.1) for further information). Comparatives have been adjusted accordingly.

\*\* Revenue from Other Sources includes revenue from aircraft charters and leases, property income, Qantas Club and Frequent Flyer membership fees, freight terminal and service fees, commission revenue, and other miscellaneous income.

### 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	-	29.2
	Provision for redundancy costs	-	(29.0)
1.27	Depreciation and amortisation excluding amortisation of intangibles ( <i>see item 2.3</i> )	353.5	355.7
<b>Capitalised outlays</b>			
1.28	Interest costs capitalised in asset values	49.3	31.9
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 at the beginning of the financial period	1,239.1	1,078.0
1.31	Net profit attributable to members ( <i>item 1.11</i> )	352.5	153.5
1.32	Net transfers from (to) reserves	-	-
1.33	Net effect of changes in accounting policies: AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" *	140.7	-
	Revised AASB 1028 "Employee Benefits" *	(3.7)	-
1.34	Dividends and other equity distributions paid or payable	(141.7)	(125.0)
<b>1.35</b>	<b>Retained profits at end of financial period</b>	<b>1,586.9</b>	<b>1,106.5</b>

\* Refer to Basis of Accounts Preparation (item 19.5) for further information.



## Intangible and extraordinary items

		<i>Consolidated – current period</i>			
		Before tax  \$Am (a)	Related tax  \$Am (b)	Related outside equity interests \$Am (c)	Amount (after tax) attributable to members \$Am (d)
2.1	Amortisation of goodwill	(5.5)	-	-	(5.5)
2.2	Amortisation of other intangibles	-	-	-	-
<b>2.3</b>	<b>Total amortisation of intangibles</b>	<b>(5.5)</b>	<b>-</b>	<b>-</b>	<b>(5.5)</b>
2.4	Extraordinary items	-	-	-	-
<b>2.5</b>	<b>Total extraordinary items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

		<i>Consolidated – prior period</i>			
		Before tax  \$Am (a)	Related tax  \$Am (b)	Related outside equity interests \$Am (c)	Amount (after tax) attributable to members \$Am (d)
	Amortisation of goodwill	(2.8)	-	-	(2.8)
	Amortisation of other intangibles	-	-	-	-
	<b>Total amortisation of intangibles</b>	<b>(2.8)</b>	<b>-</b>	<b>-</b>	<b>(2.8)</b>
	Extraordinary items	-	-	-	-
	<b>Total extraordinary items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 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 1.22 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	
<b>Current assets</b>				
4.1	Cash	213.6	112.5	273.3
4.2	Receivables	2,849.2	2,386.6	2,081.3
	Net receivables under hedge/swap contracts	628.5	697.7	482.6
4.3	Investments	-	-	-
4.4	Inventories	416.7	385.4	385.3
4.5	Tax assets	-	-	-
4.6	Other	168.7	173.5	152.1
<b>4.7</b>	<b>Total current assets</b>	<b>4,276.7</b>	<b>3,755.7</b>	<b>3,374.6</b>
<b>Non-current assets</b>				
4.8	Receivables	187.3	240.0	396.8
	Net receivables under hedge/swap contracts	1,264.3	1,398.0	1,855.5
4.9	Investments (equity accounted)	65.0	58.7	67.2
4.10	Other investments	111.0	15.6	8.2
4.11	Inventories	-	-	-
4.12	Exploration and evaluation expenditure capitalised	-	-	-
4.13	Development properties (mining entities)	-	-	-
4.14	Other property, plant and equipment (net)	10,733.2	9,109.5	7,998.4
4.15	Intangibles (net)	126.8	161.0	170.5
4.16	Tax assets	20.0	34.7	45.7
4.17	Other	57.1	28.3	13.5
<b>4.18</b>	<b>Total non-current assets</b>	<b>12,564.7</b>	<b>11,045.8</b>	<b>10,555.8</b>
<b>4.19</b>	<b>Total assets</b>	<b>16,841.4</b>	<b>14,801.5</b>	<b>13,930.4</b>
<b>Current liabilities</b>				
4.20	Payables	2,418.0	2,382.3	2,225.9
4.21	Interest bearing liabilities	1,159.6	837.0	547.7
	Net payables under hedge/swap contracts	319.5	430.8	437.7
4.22	Tax liabilities	96.6	77.9	31.0
4.23	Provisions exc. tax liabilities	418.5	525.8	552.5
4.24	Revenue received in advance	1,015.1	1,285.2	1,142.7
	Deferred lease benefits/income	45.6	42.4	45.6
<b>4.25</b>	<b>Total current liabilities</b>	<b>5,472.9</b>	<b>5,581.4</b>	<b>4,983.1</b>

## 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
<b>Non-current liabilities</b>			
4.26 Payables	33.5	33.7	-
4.27 Interest bearing liabilities	4,632.4	3,569.9	3,230.3
Net payables under hedge/swap contracts	135.4	150.8	356.2
4.28 Tax liabilities	550.7	524.7	527.3
4.29 Provisions exc. tax liabilities	358.2	351.0	406.1
4.30 Deferred lease benefits/income	294.8	329.0	344.9
Other non-current liabilities	3.2	7.5	10.5
<b>4.31 Total non-current liabilities</b>	<b>6,008.2</b>	<b>4,966.6</b>	<b>4,875.3</b>
<b>4.32 Total liabilities</b>	<b>11,481.1</b>	<b>10,548.0</b>	<b>9,858.4</b>
<b>4.33 Net assets</b>	<b>5,360.3</b>	<b>4,253.5</b>	<b>4,072.0</b>
<b>Equity</b>			
4.34 Capital/contributed equity	3,703.8	2,946.6	2,894.9
4.35 Reserves	56.5	56.3	57.4
4.36 Retained profits	1,586.9	1,239.1	1,106.5
<b>4.37 Equity attributable to members of the company</b>	<b>5,347.2</b>	<b>4,242.0</b>	<b>4,058.8</b>
4.38 Outside equity interests in controlled entities	13.1	11.5	13.2
<b>4.39 Total equity</b>	<b>5,360.3</b>	<b>4,253.5</b>	<b>4,072.0</b>
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
<b>Cash flows related to operating activities</b>			
7.1	Receipts from customers	6,662.8	5,774.7
7.2	Payments to suppliers and employees	(5,604.5)	(5,205.5)
7.3	Dividends received from associates	6.3	3.1
7.4	Other dividends received	-	-
7.5	Interest and other items of similar nature received	43.1	28.1
7.6	Interest and other costs of finance paid	(115.5)	(87.0)
7.7	Income taxes paid	(83.1)	(101.9)
7.8	Other	-	-
<b>7.9</b>	<b>Net operating cash flows</b>	<b>909.1</b>	<b>411.5</b>
<b>Cash flows related to investing activities</b>			
7.10	Payment for purchases of property, plant and equipment	(2,000.5)	(885.6)
	Receipts for aircraft security deposits	124.2	9.3
	Total payment for purchases of property, plant and equipment and aircraft security deposits	(1,876.3)	(876.3)
7.11	Proceeds from sale of property, plant and equipment	30.5	4.7
7.12	Payment for purchases of equity investments	(92.8)	(32.8)
7.13	Proceeds from sale of equity investments	-	37.3
7.14	Loans to other entities	-	-
7.15	Loans repaid by other entities	-	-
7.16	Proceeds from sale and leaseback of property, plant and equipment	-	-
<b>7.17</b>	<b>Net investing cash flows</b>	<b>(1,938.6)</b>	<b>(867.1)</b>
<b>Cash flows related to financing activities</b>			
7.18	Net proceeds from issues of securities (shares, options, etc.)	701.4	653.5
7.19	Proceeds from borrowings	1,811.3	1,231.4
7.20	Repayment of borrowings	(359.6)	(971.5)
7.21	Dividends paid	(85.0)	(50.5)
7.22	Other	-	-
<b>7.23</b>	<b>Net financing cash flows</b>	<b>2,068.1</b>	<b>862.9</b>
7.24	<b>Net increase in cash held</b>	<b>1,038.6</b>	<b>407.3</b>
7.25	Cash at beginning of period (see Reconciliation of cash)	785.2	259.2
7.26	Exchange rate adjustments to item 7.25.	-	-
<b>7.27</b>	<b>Cash at end of period</b> (see Reconciliation of cash)	<b>1,823.8</b>	<b>666.5</b>

## 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 14,068,609 (2001: 21,739,708) shares were issued under the Dividend Reinvestment Plan. Dividends settled in shares rather than cash during the half-year totalled \$55.7 million (2001: \$68.4 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	90.6	26.0
8.2 Deposits at call	-	-
8.3 Bank overdraft	-	-
8.4 Cash on call	123.0	247.3
Short term money market securities and term deposits	1,610.2	393.2
<b>8.5 Total cash at end of period (item 7.27)</b>	<b>1,823.8</b>	<b>666.5</b>

## Other notes to financial statements

### Ratios

	Current period	Previous corresponding period
<b>9.1 Profit before tax / revenue</b>		
Consolidated profit (loss) from ordinary activities before tax (item 1.5) as a percentage of revenue (item 1.1)	8.7%	4.3%
<b>9.2 Profit after tax / equity interests</b>		
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)	6.6%	3.8%

## 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 36.7 million Executive Entitlements, which has a dilutive EPS impact of 12.2 million ordinary shares) was 1,678.3 million and 1,690.5 million respectively (2001: 1,383.1 million and 1,396.7 million).

## NTA backing

		Current period	Previous corresponding period
11.1	Net tangible asset backing per ordinary security	\$2.97	\$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

Qantas did not gain control over any material entities during the period.
---

## Loss of control over entities having material effect

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

## Dividends (in the case of a trust, distributions)

15.1 Date the dividend (distribution) is payable

9 April 2003
--------------

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)

12 March 2003
---------------

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	Amount per security of foreign source dividend
<b>15.4</b>	<i>(Preliminary final report only)</i> <b>Final dividend:</b> Current year - Final	n/a	n/a	-
15.5	Previous year - Final	n/a	n/a	-
<b>15.6</b>	<i>(Half yearly and preliminary final report)</i> <b>Interim dividend:</b> Current year	8.0 ¢	8.0 ¢	-
15.7	Previous year	8.0 ¢	8.0 ¢	-

**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	140.5	124.1
15.11 Preference securities	-	-
15.12 Other equity instruments	-	-
<b>15.13 Total *</b>	<b>140.5</b>	<b>124.1</b>

\* See Attachment 1 for more details

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

12 March 2003
---------------

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	18.3	37.4
16.2 Income tax on ordinary activities	(5.7)	(12.0)
<b>16.3 Profit (loss) from ordinary activities after tax</b>	<b>12.6</b>	<b>25.4</b>
16.4 Extraordinary items net of tax	-	-
<b>16.5 Net profit (loss)</b>	<b>12.6</b>	<b>25.4</b>
16.6 Adjustments on initial recognition	-	-
<b>16.7 Share of net profit (loss) of associates and joint venture entities</b>	<b>12.6</b>	<b>25.4</b>

## 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
<b>17.1 Equity accounted associates and joint venture entities:</b>				
- Air Pacific Limited	46.32%	46.32%	3.9	(0.8)
- Australian Air Express Pty Limited	50.00%	50.00%	7.7	9.2
- Hallmark Aviation Services LP	49.00%	49.00%	0.9	2.3
- Harvey Holidays Pty Limited	50.00%	50.00%	0.1	-
- Jupiter Air Oceania Limited	47.62%	47.62%	0.1	-
- Travel Software Solutions Pty Limited (formerly known as Travel Industries Automated System Pty Limited)	50.00%	50.00%	(0.1)	14.7
<b>17.2 Total</b>	-	-	<b>12.6</b>	<b>25.4</b>
17.3 Other material interests	-	-	-	-
<b>17.4 Total</b>	-	-	<b>12.6</b>	<b>25.4</b>



## 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)
<b>18.1 Preference securities</b>	-	-	-	-
18.2 Changes during current period				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buybacks, redemptions	-	-	-	-
<b>18.3 Ordinary securities</b>	<b>1,756,780,729</b>	<b>1,756,780,729</b>	<b>n/a</b>	<b>n/a</b>
18.4 Changes during current period				
(a) Increases through issues				
- DRP (Final 01/02)	14,068,609	14,068,609	\$3.96	\$3.96
- Equity Placements	170,849,549	170,849,549	\$4.20	\$4.20
- QPS	8,003,814	8,003,814	Nil	Nil
(b) Decreases through returns of capital, buybacks	-	-	-	-
<b>18.5 Convertible debt securities</b>	-	-	-	-
18.6 Changes during current period				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
<b>18.7 Options</b>	<b>See * below</b>	-	<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
<b>18.11 Debentures</b>	-	-		
18.12 Changes during current period				
(a) Increases through issues	-	-		
(b) Decreases through securities matured, converted	-	-		
<b>18.13 Unsecured notes</b>	-	-		
18.14 Changes during current period				
(a) Increases through issues	-	-		
(b) Decreases through securities matured, converted	-	-		

\*Qantas did not issue any Entitlements under the Qantas Long-Term Executive Incentive Plan during the period.

Existing 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 total number of outstanding Entitlements at 31 December 2002 is as follows:

Entitlements available for vesting at 30 June 2002	37,601,500
Entitlements issued during the period	-
Entitlements lapsed during the period	(865,680)
Entitlements vested during the period	<u>(5,193,595)</u>
Entitlements available for vesting at 31 December 2002	31,542,225
Vested Entitlements at 30 June 2002	-
Entitlements vested during the period	5,193,595
Vested Entitlements lapsed during the period	(78,320)
Vested Entitlements exercised during the period	<u>-</u>
Total vested Entitlements available at 31 December 2002	5,115,275
Total vested and non vested Entitlements available at 31 December 2002	36,657,500

## Segment reporting

Qantas operates predominantly in three business segments, being Aircraft Operations, Tours and Travel and Catering.

Analysis by business segments	Aircraft Operations		Tours and Travel		Catering		Eliminations		Consolidated	
	\$m		\$m		\$m		\$m		\$m	
	Dec-02	Dec-01	Dec-02	Dec-01	Dec-02	Dec-01	Dec-02	Dec-01	Dec-02	Dec-01
<b>Revenue</b>										
External Segment Revenue	5,406.6	4,965.2	398.1	337.4	78.5	80.4	-	-	5,883.2	5,383.0
Inter-Segment Revenue	226.8	271.5	198.9	229.9	180.9	168.1	(606.6)	(669.5)	-	-
<b>Total Segment Revenue</b>	<b>5,633.4</b>	<b>5,236.7</b>	<b>597.0</b>	<b>567.3</b>	<b>259.4</b>	<b>248.5</b>	<b>(606.6)</b>	<b>(669.5)</b>	<b>5,883.2</b>	<b>5,383.0</b>
Segment Result	437.9	148.0	25.1	20.6	37.5	37.3	-	-	500.5	205.9
Share of Net Profit of Associates	12.6	25.4	-	-	-	-	-	-	12.6	25.4
Profit Before Tax									513.1	231.3
Income Tax Expense									(159.1)	(75.2)
<b>Net Profit</b>									<b>354.0</b>	<b>156.1</b>
Depreciation and Amortisation	352.8	352.1	0.9	0.9	5.3	5.5	-	-	359.0	358.5
Non-Cash Expenses / (Income)	55.2	48.1	(0.1)	0.5	0.1	(7.0)	-	-	55.2	41.6
<b>Individually Significant Items</b>										
Profit on sale of investment in EQUANT NV	-	29.2	-	-	-	-	-	-	-	29.2
Provision for redundancy costs	-	(29.0)	-	-	-	-	-	-	-	(29.0)

## 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.

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
<b>Passenger, freight and other services revenue</b>		
Australia	3,291.6	2,793.7
United Kingdom and Europe	443.6	467.3
Japan	347.4	355.8
South East Asia/North East Asia	291.2	412.0
The Americas and the Pacific	395.0	422.4
Other regions	300.2	247.7
	<b>5,069.0</b>	<b>4,698.9</b>
<b>Other operating revenue</b>		
Tours and travel	398.1	337.4
Other unallocated revenue	416.1	346.7
	<b>5,883.2</b>	<b>5,383.0</b>
<b>Total sales and operating revenue</b>	<b>5,883.2</b>	<b>5,383.0</b>
<b>Other revenue</b>		
Interest revenue	44.5	28.8
Proceeds from sale of property, plant and equipment	30.5	4.7
Proceeds from sale of investments	-	37.3
	<b>75.0</b>	<b>70.8</b>
<b>Total other revenue</b>	<b>75.0</b>	<b>70.8</b>
<b>Total revenue</b>	<b>5,958.2</b>	<b>5,453.8</b>

## Comments by directors

Refer to the attached Media Release and attachments to the ASX Half-Yearly Report.

## Basis of accounts preparation

### 19.1 (a) Basis of preparation of half-year financial report

The half-year consolidated financial report is a general purpose financial report, which has been prepared in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting", the recognition and measurement requirements of applicable AASB standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. This half-year financial report is to be read in conjunction with the 30 June 2002 Annual Financial Report and any public announcements by Qantas Airways Limited and its Controlled Entities during the half-year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

It 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 non-current assets.

These accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy as disclosed at item 19.5, are consistent with those applied in the 30 June 2002 Annual Financial Report.

The half-year report does not include full note disclosures of the type normally included in an annual financial report.

### (b) Reclassification of financial information

From 1 July 2002, Qantas changed the definition of passenger and freight revenue. Revenue is now disclosed net of both sales discount and interline / IATA commission. Previously only sales discount was netted against revenue, with interline / IATA commission being shown as an expense item. The impact of this definitional change for the current period is to decrease both revenue, and sales and marketing expenditure by \$326.5m (2001: \$281.6m). Comparatives have been adjusted accordingly.

### 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 Half-Yearly 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 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 2003 will also 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).*

**Provisions, contingent liabilities and contingent assets**

The consolidated entity has applied AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" (issued in October 2001) for the first time from 1 July 2002.

Dividends are now recognised at the time they are declared, determined or publicly recommended. Previously, final dividends were recognised in the financial year to which they related, even though the dividends were announced after the end of that financial year.

The adjustments to the consolidated financial report as at 1 July 2002 as a result of this change are:

- \$140.7m increase in opening retained profits
- \$140.7m decrease in provision for dividends.

There was no impact on profit or loss for the reporting period to 31 December 2002.

**Employee benefits**

The consolidated entity has applied the revised AASB 1028 "Employee Benefits" (issued in June 2001) for the first time from 1 July 2002.

The liability for wages and salaries, annual leave and sick leave is now calculated using the remuneration rates Qantas expects to pay as at each reporting date, not wages and salary rates current at reporting date.

The initial adjustments to the consolidated financial report as at 1 July 2002 as a result of this change are:

- \$5.3m increase in provision for employee benefits
- \$3.7m decrease in opening retained profits
- \$1.6m increase in future income tax benefit.

There was no impact on profit or loss for the reporting period to 31 December 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

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 *(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 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 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: ..... Date: 20 February 2003  
(General Counsel & Company Secretary)

Print name: Brett Stuart Johnson

**Attachment 1**

**Dividends**

During the reporting period, Qantas has paid or provided for dividends not previously recognised in the retained profits as follows:

Final dividend on:

Ordinary shares, paid on 2 October 2002

***Subsequent to reporting date:***

Since 31 December 2002, the directors have declared the following dividend payable on 9 April 2003:

Interim dividend on ordinary shares

<b>Consolidated</b>	
Current period \$Am	Previous corresponding period \$Am
140.7	-
140.5	-

The financial effect of the dividend declared subsequent to the reporting date has not been brought to account in the consolidated entity financial statements for the period ended 31 December 2002.



## **QANTAS AIRWAYS LIMITED AND CONTROLLED ENTITIES DIRECTORS' DECLARATION**

In the opinion of the Directors of Qantas Airways Limited:

- (a) the consolidated financial statements and notes in the form of Appendix 4B of the Australian Stock Exchange Listing Rules set out on pages 3 to 23, are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2002 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 1029 (Revised) "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed pursuant to a Resolution of the Directors:

---

**MARGARET JACKSON**

Chairman

---

**GEOFF DIXON**

Chief Executive Officer

Sydney, 19 February 2003

## **Independent review report to the members of Qantas Airways Limited**

### **Scope**

We have reviewed the financial report of Qantas Airways Limited ("the Company") for the half-year ended 31 December 2002 in the form 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 24, but excluding the Media Release and attachments to the ASX Half-Yearly Report, wherever referred to, as these are outside the scope of the review.

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 in Australia and statutory requirements 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 Investments 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:
  - i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2002 and of its performance for the half-year ended on that date; and
  - ii. complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia.

KPMG

Mark Epper

*Partner*

Sydney, 19 February 2003

<b>OPERATIONAL STATISTICS FOR THE HALF-YEAR ENDED 31 DECEMBER 2002</b>		<b>Half-Year Ended 31 Dec 2002</b>	<b>Half-Year Ended 31 Dec 2001</b>	<b>Percentage Increase/ (Decrease)</b>
<b>(Unaudited)</b>				
<b>DOMESTIC - SCHEDULED SERVICES</b>				
<u>TRAFFIC AND CAPACITY</u>				
Passengers carried	000	8,785	7,099	23.7
Revenue passenger kilometres (RPK)	m	11,854	9,522	24.5
Available seat kilometres (ASK)	m	14,858	11,894	24.9
Revenue seat factor	%	79.8	80.1	(0.3) pts
<b>INTERNATIONAL - SCHEDULED SERVICES</b>				
<u>TRAFFIC AND CAPACITY</u>				
Passengers carried	000	4,466	4,338	3.0
Revenue passenger kilometres (RPK)	m	27,180	26,510	2.5
Available seat kilometres (ASK)	m	33,735	34,896	(3.3)
Revenue seat factor	%	80.6	76.0	4.6 pts
Revenue freight tonne kilometres (RFTK)	m	921	933	(1.3)
<b>CORE AIRLINE - SCHEDULED SERVICES</b>				
<u>TRAFFIC AND CAPACITY</u>				
Passengers carried	000	13,251	11,437	15.9
Revenue passenger kilometres (RPK)	m	39,034	36,032	8.3
Available seat kilometres (ASK)	m	48,593	46,790	3.9
Revenue seat factor	%	80.3	77.0	3.3 pts
Average passenger journey length	km	2,946	3,150	(6.5)
Available tonne kilometres (ATK)	m	6,543	6,252	4.7
<u>FINANCIAL</u>				
Yield (passenger revenue per RPK)	c	10.98	10.76	2.0
<u>PRODUCTIVITY</u>				
Average full-time employee strength	#	27,883	26,572	4.9
RPK per employee (annualised)	000	2,777	2,690	3.2
ASK per employee (annualised)	000	3,457	3,493	(1.0)
Aircraft utilisation (average per day)	Hrs	11.0	11.6	(0.6) hrs
<b>REGIONALS - SCHEDULED SERVICES</b>				
<u>TRAFFIC AND CAPACITY</u>				
Passengers carried	000	1,958	1,898	3.2
Revenue passenger kilometres (RPK)	m	1,273	1,230	3.5
Available seat kilometres (ASK)	m	1,736	1,694	2.5
Revenue seat factor	%	73.3	72.6	0.7 pts
<b>TOTAL GROUP OPERATIONS *</b>				
<u>TRAFFIC AND CAPACITY</u>				
Passengers carried	000	15,292	13,335	14.7
Revenue passenger kilometres (RPK)	m	40,779	37,262	9.4
Available seat kilometres (ASK)	m	51,009	48,484	5.2
Revenue seat factor	%	79.9	76.9	3.0 pts
Aircraft in service at period end ^	#	187	178	9 units
<u>FINANCIAL</u>				
Yield (passenger revenue per RPK)	c	11.42	11.29	1.2
<u>PRODUCTIVITY</u>				
Average full-time equivalent employees	#	34,770	32,361	7.4
RPK per employee (annualised)	000	2,327	2,284	1.9
ASK per employee (annualised)	000	2,910	2,972	(2.1)

\* Includes Australian Airlines

^ Excludes one B747-200 leased to Air Pacific

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

<b>DETAILED CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>Half-Year Ended 31 Dec 2002</b>	<b>Half-Year Ended 31 Dec 2001</b>	<b>Percentage Increase/ (Decrease)</b>
<b>(Unaudited)</b>	<b>\$m</b>	<b>\$m</b>	<b>%</b>
<b>Sales and Operating Revenue</b>			
Net Passenger Revenue*	4,658.3	4,205.9	10.8
Net Freight Revenue*	279.6	266.5	4.9
Tour and Travel Sales	398.1	337.4	18.0
Contract Work Revenue	274.7	240.7	14.1
Other Sources ^**	272.5	332.5	(18.0)
<b>Sales and Operating Revenue</b>	<b>5,883.2</b>	<b>5,383.0</b>	<b>9.3</b>
<b>Expenditure</b>			
Manpower and Staff Related	1,509.1	1,298.6	16.2
Selling and Marketing *	312.8	301.7	3.7
Aircraft Operating - Variable	1,159.2	1,165.8	(0.6)
Fuel and Oil	809.5	878.5	(7.9)
Property	140.4	125.3	12.1
Computer and Communication	212.6	204.4	4.0
Depreciation and Amortisation	359.0	358.5	0.1
Non-Cancellable Operating Lease Rentals	140.1	118.1	18.6
Tour and Travel Cost Of Sales	329.5	297.0	10.9
Capacity Hire	217.3	244.4	(11.1)
Other	169.5	145.6	16.4
Share of Net Profit of Associates	(12.6)	(25.4)	(50.4)
<b>Expenditure</b>	<b>5,346.4</b>	<b>5,112.5</b>	<b>4.6</b>
<b>Earnings Before Interest and Tax (EBIT)</b>	<b>536.8</b>	<b>270.5</b>	<b>98.4</b>
Net Borrowing Costs	23.7	39.2	(39.5)
<b>Profit from Operating Activities Before Related Income Tax Expense</b>	<b>513.1</b>	<b>231.3</b>	<b>121.8</b>
Income Tax Expense Relating to Ordinary Activities	159.1	75.2	111.6
<b>Net Profit</b>	<b>354.0</b>	<b>156.1</b>	<b>126.8</b>
Outside Equity Interest in Net Profit	(1.5)	(2.6)	(42.3)
<b>Net Profit Attributable to Members of the Company</b>	<b>352.5</b>	<b>153.5</b>	<b>129.6</b>
<b>Earnings Per Share (cents)</b>	<b>21.0</b>	<b>11.1</b>	<b>89.2</b>

\* Passenger and freight revenue is now disclosed net of both sales discount and interline / IATA commission. Previously only sales discount was netted against revenue, with interline / IATA commission being shown as an expense item. The impact of this definitional change for the current period is to decrease both revenue, and sales and marketing expenditure by \$326.5 million (2001: \$281.6 million). Comparatives have been adjusted accordingly.

\*\* Excludes proceeds on sale of non-current assets of \$30.5 million (2001: \$42.0 million), and interest revenue of \$44.5 million (2001: \$28.8 million) which is included in net borrowing costs.

^ Revenue from "Other Sources" includes revenue from aircraft charters and leases, property income, Qantas Club and Frequent Flyer membership fees, freight terminal and service fees, commission revenue, and other miscellaneous income.

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

<b>CONSOLIDATED EARNINGS BEFORE INTEREST AND TAX</b>	<b>Half-Year Ended 31 Dec 2002</b>	<b>% of Group Total</b>	<b>Half-Year Ended 31 Dec 2001</b>	<b>% of Group Total</b>
<b>(Unaudited)</b>	<b>\$m</b>		<b>\$m</b>	
International Airline Operations	263.9	49.2	(15.5)	(5.7)
Domestic Airline Operations	160.1	29.8	180.1	66.6
Subsidiary Operations: <sup>+</sup>				
Qantas Holidays Group	19.3	3.6	16.9	6.2
QantasLink Group	37.8	7.0	21.2	7.8
Qantas Flight Catering Group	36.6	6.8	38.0	14.0
Australian Airlines	(2.5)	(0.5)	0.0	0.0
QDS	4.1	0.8	(0.8)	(0.3)
Equity Accounting	12.6	2.3	25.4	9.4
Other Subsidiaries	4.9	0.9	5.2	1.9
Total Subsidiary Operations	112.8	21.0	105.9	39.1
<b>Group Earnings Before Interest and Tax</b>	<b>536.8</b>	<b>100.0</b>	<b>270.5</b>	<b>100.0</b>

<sup>+</sup> 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**

<b>CONSOLIDATED DEBT, GEARING AND CAPITALISATION OF NON-CANCELLABLE OPERATING LEASES (Unaudited)</b>	<b>As at 31 December 2002 \$m</b>	<b>As at 31 December 2001 \$m</b>	<b>Percentage Change %</b>
<b>Statement of Financial Position Equity</b>	5,360.2	4,072.0	31.6
<b>On Balance Sheet Debt <sup>1</sup></b>			
Current Debt	1,159.6	547.7	111.7
Non-current Debt <sup>2</sup>	4,632.4	3,230.3	43.4
Swap Offset <sup>3</sup>	(1,262.4)	(1,297.3)	(2.7)
Cash and Cash Equivalents <sup>4</sup>	(2,110.9)	(1,210.9)	74.3
<b>Net Debt</b>	<b>2,418.7</b>	<b>1,269.8</b>	<b>90.5</b>
<b>Off Balance Sheet Debt</b>			
Present Value of Non-Cancellable Operating Leases	2,356.6	2,432.9	(3.1)
<b>Net Debt including Off Balance Sheet Debt</b>	<b>4,775.3</b>	<b>3,702.7</b>	<b>29.0</b>
<b>Revenue Hedge Receivables <sup>5</sup></b>	<b>(175.5)</b>	<b>(246.9)</b>	<b>(28.9)</b>
<b>Net Debt Including Off Balance Sheet Debt and Revenue Hedge Receivables</b>	<b>4,599.8</b>	<b>3,455.8</b>	<b>33.1</b>
<b>Statement of Financial Position including Off Balance Sheet Debt</b>			
Total Assets	18,811.9	15,866.4	18.6
Total Liabilities	13,676.0	12,079.6	13.2
<b>Total Equity</b>	<b>5,135.9</b>	<b>3,786.8</b>	<b>35.6</b>
<b>Net Debt to Net Debt and Equity</b>	<b>31 : 69</b>	<b>24 : 76</b>	<b>n/a</b>
<b>Net Debt to Net Debt and Equity (including Off Balance Sheet Debt)</b>	<b>48 : 52</b>	<b>50 : 50</b>	<b>n/a</b>
<b>Net Debt to Net Debt and Equity (including Off Balance Sheet Debt and Revenue Hedge Receivables)</b>	<b>47 : 53</b>	<b>48 : 52</b>	<b>n/a</b>
<b>Working Capital Ratio</b>	<b>44 : 56</b>	<b>40 : 60</b>	<b>n/a</b>

**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.

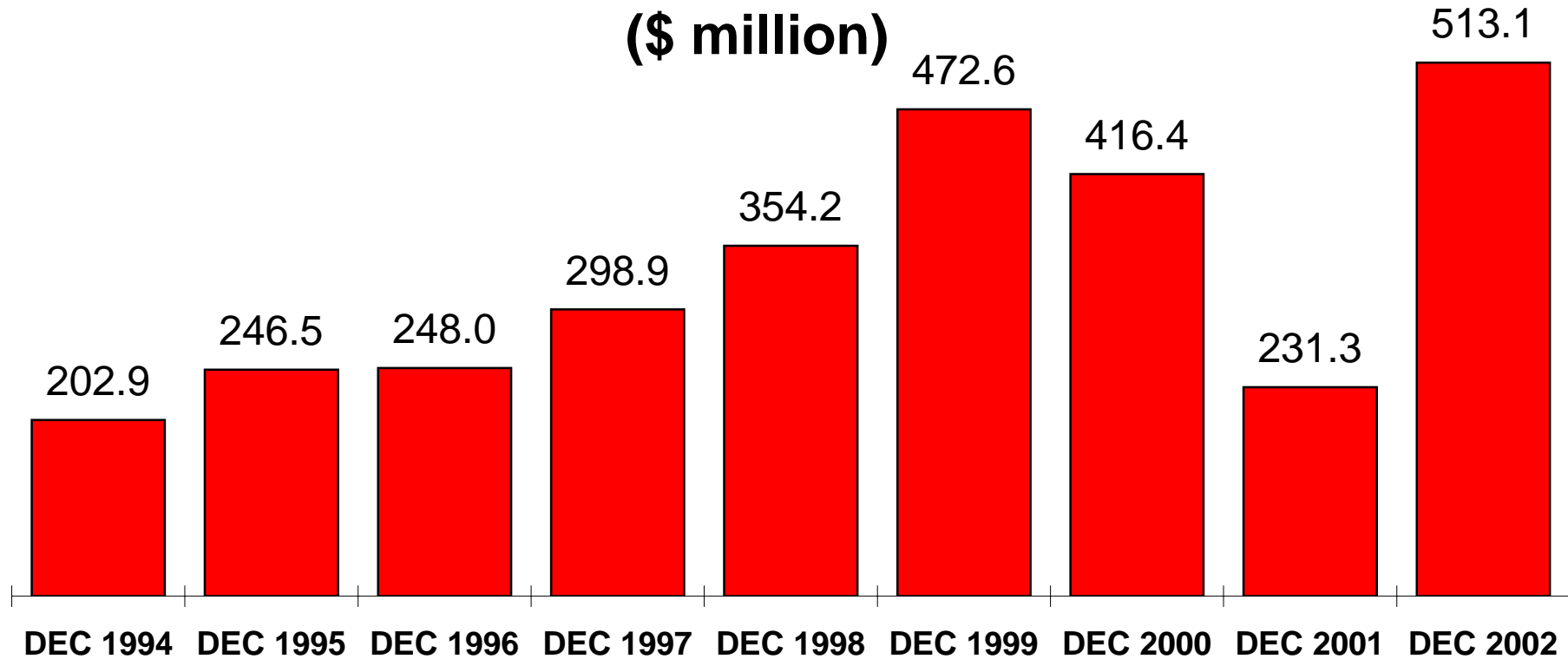
**QANTAS AIRWAYS LIMITED**  
**ABN 16 009 661 901**

<b>CONSOLIDATED NET INTEREST AS A PERCENTAGE OF AVERAGE NET DEBT</b>	<b>Half-Year Ended 31 December 2002 \$m</b>	<b>Half-Year Ended 31 December 2001 \$m</b>
<b>(Unaudited)</b>		
<b>Borrowing Costs</b>		
Net Borrowing Costs	23.7	39.2
Capitalised Interest	49.3	31.9
Interest on Non-cancellable Operating Leases	46.5	58.8
<b>Adjusted Net Interest Expense</b>	<b>119.5</b>	<b>129.9</b>
<b>Average Net Debt *</b>		
Average Net Debt Including Off Balance Sheet Debt	4,239.0	3,460.2
Average Net Debt Including Off Balance Sheet Debt and Revenue Hedge Receivable	4,027.8	3,132.3
<b>Adjusted Net Borrowing Costs as a Percentage of:</b>		
Average Net Debt Including Off Balance Sheet Debt **	5.6	7.4
Average Net Debt Including Off Balance Sheet Debt and Revenue Hedge Receivable **	5.9	8.2

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

\*\* Annualised

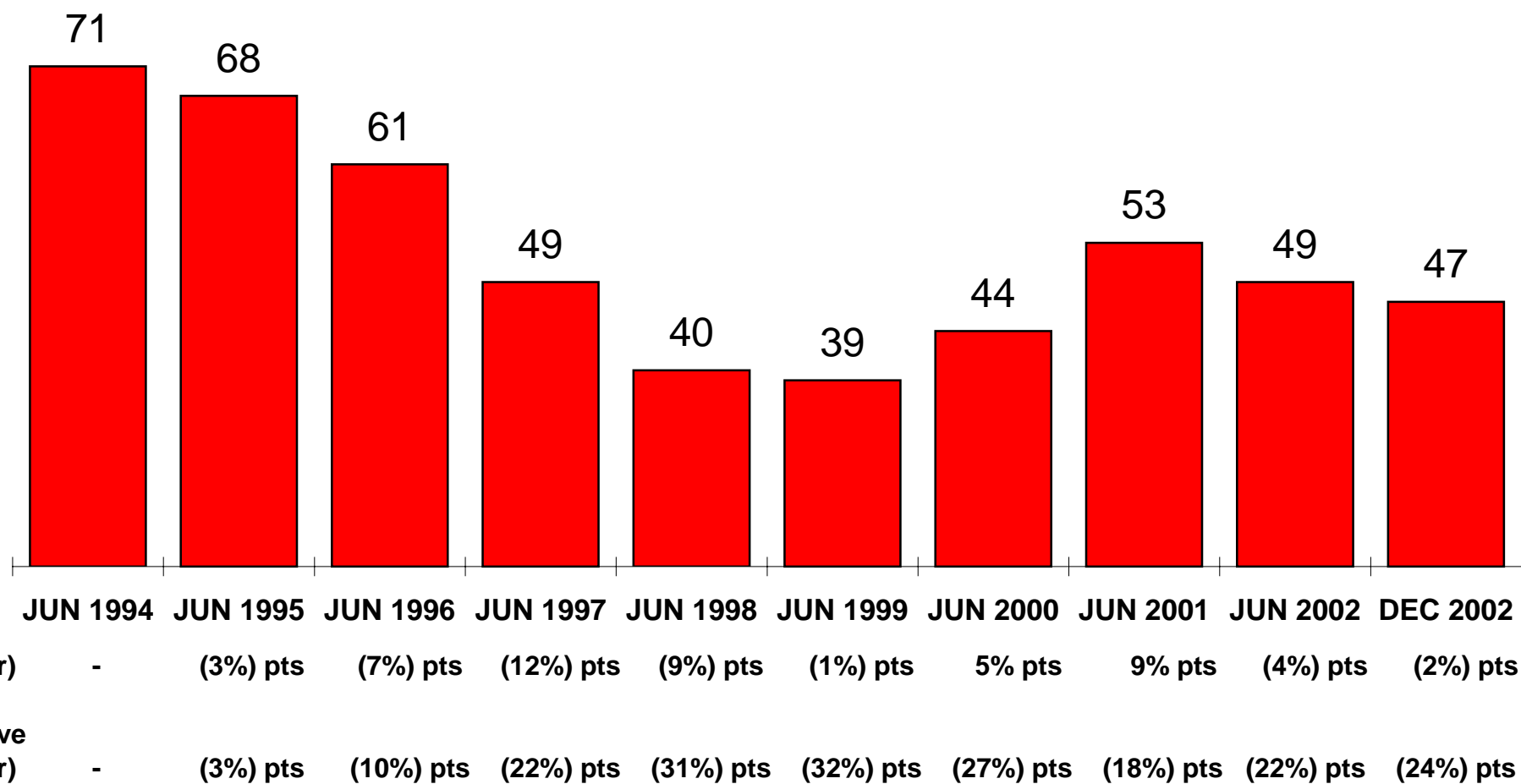
## Profit Before Tax Six Months to 31 December 2002 (\$ million)



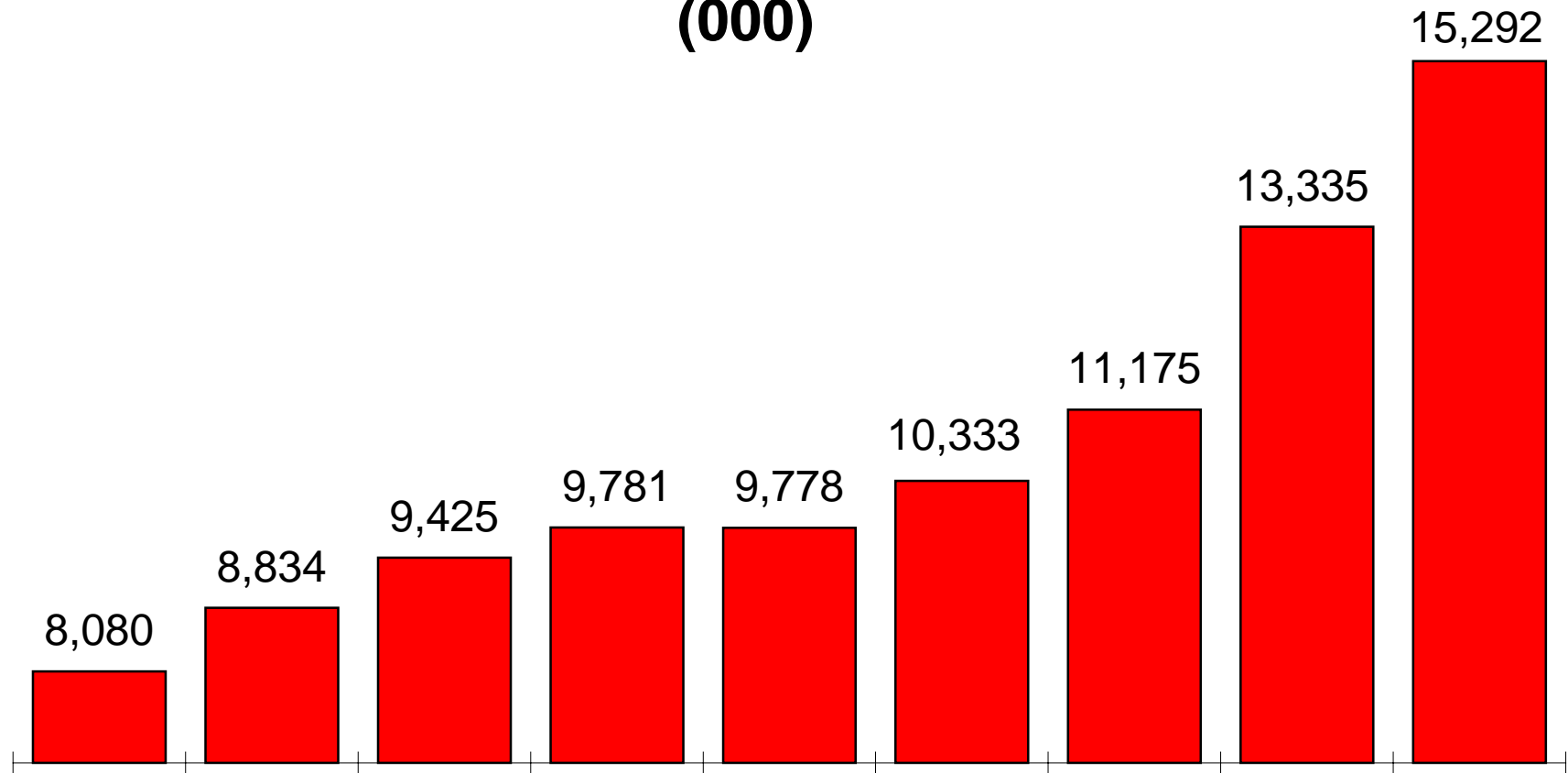
Incr/(Decr) -	21.5%	0.6%	20.5%	18.5%	33.4%	(11.9%)	(44.5%)	121.8%
Cumulative Incr/(Decr) -	21.5%	22.2%	47.3%	74.6%	132.9%	105.2%	14.0%	152.9%



## Gearing (Adjusted for Operating Leases) (%)



# Passenger Numbers Six Months to 31 December 2002 (000)



	DEC 1994	DEC 1995	DEC 1996	DEC 1997	DEC 1998	DEC 1999	DEC 2000	DEC 2001	DEC 2002
Increase	-	9.3%	6.7%	3.8%	(0.0%)	5.7%	8.1%	19.3%	14.7%
Cumulative Increase	-	9.3%	16.6%	21.1%	21.0%	27.9%	38.3%	65.0%	89.3%