QANTAS AIRWAYS LIMITED AND CONTROLLED ENTITIES

PRELIMINARY FINAL REPORT

FOR THE YEAR ENDED

30 JUNE 2004

ABN 16 009 661 901

ASX CODE: QAN

QANTAS AIRWAYS LIMITED
ABN 16 009 661 901

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

	30 June 2004 $m	30 June 2003 $m	Change $m	Change %
Revenue from ordinary activities	11,353.7	11,374.9	(21.2)	down 0.2%
Profit from ordinary activites after tax attributable to members	648.4	343.5	304.9	up 88.8%
Net profit for the period attributable to members	648.4	343.5	304.9	up 88.8%

DIVIDENDS

30 June 2004 interim dividend - paid 7 April 2004	
Amount per security (cents)	8.0
Franked amount per security at 30% tax	8.0
30 June 2004 final dividend - to be paid 29 September 2004	
Amount per security (cents)	9.0
Franked amount per security at 30% tax	9.0
Record date for determining entitlements to the dividend	1 September 2004
Date the dividend is payable	29 September 2004
Total dividend declared ($m)	166.1

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 dividend reinvestment plan	1 September 2004

EXPLANATION OF RESULTS

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

OTHER INFORMATION

	June 2004 $	June 2003 $
Net Tangible Assets per ordinary share	**3.07**	**2.89**

Entities over which control gained or lost during the year:

QF Dash 8 Leasing Pty Limited was incorporated on 25 November 2003 to facilitate the re-financing of fourteen Dash 8 aircraft.

Express Ground Handling Pty Limited was incorporated on 27 January 2004 to facilitate the setup of a ground handling joint venture between Qantas and Patrick Corporation.

AVBA Holdings Pty Limited was incorporated on 5 April 2004 to facilitate the establishment of the Singapore-based Asian low-cost carrier.

Qantas Cabin Crew (UK) Limited was incorporated in the United Kingdom on 18 June 2004 to facilitate the planned relocation of a number of cabin crew to the UK.

Details of associates and joint venture entities

Name of entity	Percentage of ownership interest held at end of year or date of disposal		Contribution to net profit (loss)	
	June 2004	June 2003	June 2004 $m	June 2003 $m
Equity accounted associates and joint ventures				
Air Pacific Limited	46.32%	46.32%	7.7	5.7
Australian Air Express Pty Limited	50.00%	50.00%	13.0	2.8
AVBA Pte Limited [1]	49.99%	0.00%	(0.4)	0.0
Jet Turbine Services Pty Limited [2]	50.00%	0.00%	(0.9)	0.0
Hallmark Aviation Services LP	49.00%	49.00%	0.7	1.5
Harvey Holidays Pty Limited	50.00%	50.00%	0.4	0.0
Holidays Tours and Travel (Thailand) Limited	36.80%	36.80%	0.0	0.0
Jupiter Air Oceania Limited	47.62%	47.62%	0.0	0.1
Star Track Express Holdings Pty Limited [3]	50.00%	0.00%	(0.9)	0.0
TET Limited	36.80%	36.80%	0.0	0.0
Travel Software Solutions Pty Limited	50.00%	50.00%	0.1	(0.5)
Total			**19.7**	**9.6**

1 On 25 March 2004 Qantas and three other shareholders incorporated a new company in Singapore, AVBA Pte Limited to establish a low-cost carrier servicing Asia, based in Singapore.

2 On 26 September 2003, Qantas and Patrick Corporation Limited established a joint venture company, Jet Turbine Services Pty Limited to provide jet engine maintenance services.

3 On 23 December 2003, Qantas and Australia Post acquired the share capital of Tubuli Pty Limited, trading as Star Track Express. The acquisition was made via Star Track Express Holdings Pty Limited, which is owned in equal parts by Qantas and Australia Post.

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2004

	June 2004 $m	June 2003 $m
Sales and operating revenue		
Net passenger revenue [1,2]	8,978.3	8,992.8
Net freight revenue [1]	469.7	511.3
Tours and travel revenue	711.1	696.3
Contract work revenue	502.6	530.9
Other sources [3,4]	692.0	643.6
	11,353.7	**11,374.9**
Expenditure		
Manpower and staff related	2,938.5	3,017.7
Selling and marketing [1]	466.1	546.6
Aircraft operating - variable	2,226.8	2,405.0
Fuel and oil	1,355.6	1,540.4
Property	309.8	286.5
Computer and communication	439.1	412.3
Depreciation and amortisation	1,005.6	891.4
Non-cancellable operating lease rentals	263.5	283.9
Tours and travel cost of sales	570.9	564.0
Capacity hire	287.4	381.6
Other [5]	411.9	488.1
Share of net profit of associates	(19.7)	(9.6)
	10,255.5	**10,807.9**
Earnings before interest and tax	**1,098.2**	**567.0**
Net borrowing costs	(133.6)	(64.7)
Profit from ordinary activities before related income tax expense	**964.6**	**502.3**
Income tax expense related to ordinary activities	(315.8)	(155.7)
Net profit	**648.8**	**346.6**
Outside equity interests in net profit	(0.4)	(3.1)
Net profit attributable to members of the Company	**648.4**	**343.5**
Non-owner Transaction Changes in Equity		
Net exchange differences recognised in equity	0.4	(2.3)
Net increase / (decrease) in retained earnings on initial adoption of:		
AASB 1028 "Employee Benefits"	-	(3.7)
Total transactions and adjustments recognised directly in equity	0.4	(6.0)
Total changes in equity not resulting from transactions with owners as owners	**648.8**	**337.5**
Earnings per share (EPS)		
Basic earnings per share (cents)	35.7	20.0
Diluted earnings per share (cents)	35.5	19.8

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

2 Passenger recoveries are disclosed as part of net passenger revenue.

3 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 and other miscellaneous income.

4 Excludes interest revenue of $125.9 million (2003: $107.7 million) which is included in net borrowing costs. Also excluded are proceeds on sale and operating leaseback of non-current assets of $221.8 million (2003: $36.7 million), which are offset against the relevant asset's written down value before recognition of the profit or loss on sale. Net loss on sale of non-current assets was $0.5 million (2003: $12.4 million).

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2004

	June 2004 $m	June 2003 $m
Current assets		
Cash	335.9	121.9
Receivables	2,116.3	2,867.0
Net receivables under hedge/swap contracts	302.1	330.9
Inventories	375.5	430.3
Other	192.2	204.3
Total current assets	**3,322.0**	**3,954.4**
Non-current assets		
Receivables	304.6	176.5
Net receivables under hedge/swap contracts	997.0	1,014.9
Investments accounted for using the equity method	339.7	68.3
Other investments	110.1	101.9
Property, plant and equipment	12,256.6	11,432.5
Intangible assets	152.4	119.6
Deferred tax assets	0.9	44.7
Other	90.9	61.0
Total non-current assets	**14,252.2**	**13,019.4**
Total assets	**17,574.2**	**16,973.8**
Current liabilities		
Payables	2,167.5	2,109.1
Interest bearing liabilities	821.9	971.1
Net payables under hedge/swap contracts	250.8	46.6
Provisions	381.6	435.9
Current tax liabilities/(receivable)	30.1	(4.7)
Revenue received in advance	1,493.3	1,158.4
Deferred lease benefits/income	45.0	50.6
Total current liabilities	**5,190.2**	**4,767.0**
Non current liabilities		
Interest bearing liabilities	5,081.8	5,391.9
Net payables under hedge/swap contracts	131.6	340.9
Provisions	331.7	354.1
Deferred tax liabilities	806.9	603.0
Deferred lease benefits/income	191.7	254.8
Total non-current liabilities	**6,543.7**	**6,944.7**
Total liabilities	**11,733.9**	**11,711.7**
Net assets	**5,840.3**	**5,262.1**
Equity		
Contributed equity	3,994.9	3,757.9
Reserves	54.4	54.0
Retained profits	1,776.3	1,435.9
Equity attributable to members of the Company	**5,825.6**	**5,247.8**
Outside equity interests in controlled entities	14.7	14.3
Total equity	**5,840.3**	**5,262.1**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2004

	June 2004 $m	June 2003 $m
Cash flows from operating activities		
Cash receipts in the course of operations	12,328.5	12,567.3
Cash payments in the course of operations	(10,128.6)	(10,960.6)
Interest received	126.0	114.4
Borrowing costs paid	(305.6)	(268.1)
Dividends received	12.4	7.0
Income taxes paid	(33.3)	(169.2)
Net cash provided by operating activities	**1,999.4**	**1,290.8**
Cash flows from investing activities		
Payments for property, plant and equipment	(2,007.0)	(3,137.2)
Receipts for aircraft security deposits	63.1	197.7
Total payment for purchases of property, plant and equipment and aircraft security deposits	(1,943.9)	(2,939.5)
Proceeds from sale of property, plant and equipment	50.1	36.7
Proceeds from sale and leaseback of non-current assets	171.7	-
Payments for investments, net of cash acquired	(271.9)	(92.9)
Advances of investment loans	(128.2)	-
Payments for other intangibles	(47.3)	-
Net cash used in investing activities	**(2,169.5)**	**(2,995.7)**
Cash flows from financing activities		
Repayment of borrowings/swaps	(1,822.9)	(798.3)
Proceeds from borrowings	1,413.2	3,205.2
Net proceeds from the issue of shares	90.6	701.0
Dividends paid	(161.4)	(172.3)
Net cash provided by / (used in) financing activities	**(480.5)**	**2,935.6**
Net increase / (decrease) in cash held	**(650.6)**	**1,230.7**
Cash at the beginning of the financial year	2,015.9	785.2
Cash at the end of the financial year	**1,365.3**	**2,015.9**

Reconciliation of cash

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

	June 2004 $m	June 2003 $m
Cash on hand and at bank	110.8	88.6
Cash at call	225.1	33.3
Short term money market securities and term deposits	1,029.4	1,894.0
Cash at the end of the financial year	**1,365.3**	**2,015.9**

Non-cash financing and investing activities

During the year 44,006,749 (2003: 31,400,826) shares were issued under the Dividend Reinvestment Plan. Dividends settled in shares rather than cash during the year totalled $146.5 million (2003: $110.3 million).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2004

Note 1. Basis of Preparation of Preliminary Final Report

This consolidated preliminary final report is a general purpose financial report which 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 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 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 2004 while the prior year is the year ended 30 June 2003.

Note 2. Retained Profits

	June 2004 $m	June 2003 $m
Retained profits at the beginning of the financial year	1,435.9	1,239.1
Net profit attributable to members of the Company	648.4	343.5
- AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"	-	140.7
- AASB 1028 "Employee Benefits"	-	(3.7)
Dividends and other equity distributions paid or payable	(308.0)	(283.7)
Retained profits at the end of the financial year	**1,776.3**	**1,435.9**

Note 3. Dividends

A fully franked final dividend of 9 cents per ordinary share was paid on 1 October 2003 in relation to the financial year ended 30 June 2003. The total amount of the dividend declared was $159.7 million.

A fully franked interim dividend of 8 cents per ordinary share was paid on 7 April 2004 in relation to the financial year ended 30 June 2004. The total amount of the dividend declared was $145.8 million.

Note 4. Contingent Liabilities

Two matters subject to litigation totalling $48.7 million reported in the 30 June 2003 annual report as contingent liabilities have been resolved during the financial year with no financial impact on the Qantas Group. One new claim has arisen during the reporting year which is still subject to clarification by the plaintiff.

Qantas, and other airlines, are subject to an Application for Leave to Appeal to the High Court of Australia and House of Lords in the UK concerning actions brought by passengers alleging damage as a result of Deep Vein Thrombosis. Qantas remains confident that the matter will be resolved in its favour. The financial effect of an adverse finding cannot be quantified and is included here only for information.

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 30 June 2004

Note 5. 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 6. International Financial Reporting Standards

For the reporting period beginning on or after 1 January 2005, the consolidated entity must comply with International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board (AASB).

The areas of significant difference between Australian Generally Accepted Accounting Principles (GAAP) and IFRS, as applied to the consolidated entity, have been identified and work has commenced to quantify the impact of adoption. To date, quantification has not been completed or presented to the Board for approval.

Managing the Transition to IFRS

The Board has established a Project Group, reporting through to the Chief Financial Officer, to achieve the transition to IFRS reporting. The Qantas implementation project consists of three phases.

Assessment Phase

The IFRS Project Group has completed the Assessment Phase. In completing the Assessment phase a high level overview of the impacts of IFRS reporting on existing accounting and reporting policies, procedures, systems, processes, business structures and staff has been undertaken.

Design Phase

The Design Phase is well progressed. This phase aims to formulate the changes required to existing accounting policies, procedures, systems and processes in order to transition to IFRS.

The Design Phase will incorporate:
- formulating revised accounting policies and procedures for compliance with IFRS and quantifying their impact;
- developing revised IFRS disclosures; and
- designing accounting and business processes to support IFRS reporting obligations.

At the conclusion of the Design Phase, Board approval will be sought for each proposed change in accounting policy and disclosure. The Design Phase will be completed during the 2004/05 financial year.

Implementation Phase

The Implementation Phase will include the implementation of identified changes to accounting and business procedures, processes, systems and training. It is expected that the Implementation Phase will be completed during the 2004/05 financial year.

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 30 June 2004

Key Differences Between Australian GAAP and IFRS

The potential implications of the conversion to IFRS on the consolidated entity are outlined below. The summary should not be taken as an exhaustive list of all the differences between Australian GAAP and IFRS. The impact on future years will depend on the particular circumstances prevailing in those years. Accordingly, there can be no assurances that the consolidated statements of financial performance and financial position would not be significantly different if determined in accordance with IFRS.

Frequent Flyer

Qantas is considering the application of AASB 118 Revenue to the accounting for the frequent flyer program. Australian GAAP and IFRS do not specifically address accounting for frequent flyer/loyalty schemes. Under both GAAP's there are two acceptable accounting treatments including the Deferral and Incremental Cost approaches.

The Deferral approach results in the deferral of frequent flyer revenue until earned points are redeemed. The Incremental Cost approach recognises revenue when points are allocated to individuals participating in the scheme, with the recognition of a corresponding provision for the incremental cost of providing the service at a later date.

Both approaches are used by airlines globally and the most appropriate accounting policy is dependent upon factors such as the size of the program, the mechanism for managing redemptions and the potential for frequent flyers to displace fare-paying passengers. Under Australian GAAP, Qantas has adopted the Incremental Cost approach, as historically it has best reflected the commercial operation of the program.

AASB 1 – First Time Adoption of Australian Equivalents to International Financial Reporting Standards, requires that all accounting policies be reconsidered having regard to both their current and future suitability.

As part of the Qantas IFRS transition project, the company is considering changing to the Deferral approach. Future growth in the scheme and a desire to make redemptions easier, may require changes to the current marginal management of the scheme. Should a decision to change to the Deferral method be approved, revenue previously recognised would be deferred and retained earnings reduced. In future periods, deferred revenue would be released to the Statement of Financial Performance as points are redeemed. This treatment would no longer necessitate the raising of a provision for future incremental costs.

The quantification of the financial impact of the possible change in treatment is complex and requires the calculation of the fair value of unredeemed frequent flyer points, breakage rates and a detailed analysis of revenues previously brought to account. To date, the financial effect of the change being considered has not been determined. It is anticipated that should it be adopted, a reduction in retained earnings will be made. The impact on future profits is largely dependent on the extent to which the program grows and as such cannot be quantified.

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 30 June 2004

Defined Benefit Superannuation Plans

Qantas is considering the application of AASB 119 Employee Benefits to the recognition of the funding surplus or deficit of the Qantas sponsored defined benefit superannuation plans. Under the requirements of IFRS, any surpluses and deficits in the defined benefit superannuation plans within the consolidated entity will be recognised in the Statement of Financial Position and movements in the surplus or deficit recognised in the Statement of Financial Performance.

Actuarial valuations of the Plans will be conducted as at 30 June 2004. The expected impact is likely to be a one-off reduction in retained earnings and the corresponding recognition of a retirement liability.

Leases

Qantas is considering the application of AASB 117 Leases to the classification of lease transactions. Under IFRS some leases currently classified as operating may require recognition in the Statement of Financial Position. To date the financial effect of the change has not been determined, however, it is not expected to have a significant impact on the Statement of Financial Performance in future years.

Financial Instruments: Recognition and Measurement

1. Fuel Hedging

Qantas is considering the application of AASB 139 Financial Instruments: Recognition and Measurement to aviation fuel hedging transactions. Extensive hedge effectiveness testing and documentation is required under IFRS in order to apply hedge accounting to these transactions. The potential application and impact of this accounting standard on aviation fuel hedging has not been determined.

2. Revenue Hedging

Qantas is considering the application of AASB 139 Financial Instruments: Recognition and Measurement to revenue hedging transactions. The potential application and impact of this accounting standard on revenue hedging has not been completed. It is anticipated that, after initial adoption adjustments are made, the existing accounting treatment will continue under IFRS, although it will be subject to increased effectiveness testing and documentation requirements.

Impairment of Assets

Qantas is considering the application of AASB 136 Impairment of Assets to the valuation of assets. Under IFRS, assets are tested for impairment on the basis of their ability to generate independent cash inflows from continuing use. If assets do not generate cash flows they may be aggregated into groups for the purposes of determining the smallest identifiable group of assets that generate cash inflows which are largely independent. Aircraft do not directly generate cash flows as passenger revenue is derived from the sale of seats on flights rather than seats on particular aircraft. The aggregation of aircraft cashflows is therefore performed on the basis of route groupings.

Impairment testing upon transition to IFRS is required. The financial effect of the change is not expected to result in significant impairment losses upon transition. The impact on future financial years is dependent on the cash flows generated by each grouping of assets and is therefore unable to be determined.

QANTAS AIRWAYS LIMITED
ABN 16 009 661 901

OPERATIONAL STATISTICS
for the year ended 30 June 2004

(Unaudited)		Year Ended 30 June 2004	Year Ended 30 June 2003	Percentage Increase/ (Decrease)
DOMESTIC - SCHEDULED SERVICES				
TRAFFIC AND CAPACITY				
Passengers carried	000	17,700	16,789	5.4
Revenue passenger kilometres (RPK)	m	23,711	22,496	5.4
Available seat kilometres (ASK)	m	29,713	28,754	3.3
Revenue seat factor	%	79.8	78.2	1.6 pts
QANTASLINK - SCHEDULED SERVICES				
TRAFFIC AND CAPACITY				
Passengers carried	000	2,996	3,389	(11.6)
Revenue passenger kilometres (RPK)	m	1,931	2,294	(15.8)
Available seat kilometres (ASK)	m	2,687	3,169	(15.2)
Revenue seat factor	%	71.9	72.4	(0.5) pts
JETSTAR - SCHEDULED SERVICES				
TRAFFIC AND CAPACITY				
Passengers carried	000	315	-	n/a
Revenue passenger kilometres (RPK)	m	277	-	n/a
Available seat kilometres (ASK)	m	383	-	n/a
Revenue seat factor	%	72.3	-	n/a pts
TOTAL DOMESTIC				
TRAFFIC AND CAPACITY				
Passengers carried	000	20,965	20,178	3.9
Revenue passenger kilometres (RPK)	m	25,881	24,790	4.4
Available seat kilometres (ASK)	m	32,745	31,923	2.6
Revenue seat factor	%	79.0	77.7	1.3 pts
INTERNATIONAL - SCHEDULED SERVICES				
TRAFFIC AND CAPACITY				
Passengers carried	000	8,406	8,296	1.3
Revenue passenger kilometres (RPK)	m	51,910	50,859	2.1
Available seat kilometres (ASK)	m	66,307	64,920	2.1
Revenue seat factor	%	78.3	78.3	- pts
Revenue freight tonne kilometres (RFTK)	m	1,601	1,530	4.6
AUSTRALIAN AIRLINES - SCHEDULED SERVICES				
TRAFFIC AND CAPACITY				
Passengers carried	000	705	272	159.2
Revenue passenger kilometres (RPK)	m	3,485	1,538	126.6
Available seat kilometres (ASK)	m	5,148	2,602	97.8
Revenue seat factor	%	67.7	59.1	8.6 pts
TOTAL INTERNATIONAL				
TRAFFIC AND CAPACITY				
Passengers carried	000	9,111	8,568	6.3
Revenue passenger kilometres (RPK)	m	55,395	52,397	5.7
Available seat kilometres (ASK)	m	71,455	67,522	5.8
Revenue seat factor	%	77.5	77.6	(0.1) pts
TOTAL GROUP OPERATIONS				
TRAFFIC AND CAPACITY				
Passengers carried	000	30,076	28,746	4.6
Revenue passenger kilometres (RPK)	m	81,276	77,187	5.3
Available seat kilometres (ASK)	m	104,200	99,445	4.8
Revenue seat factor	%	78.0	77.6	0.4 pts
Aircraft in service at period end	#	190	196	(6) units
FINANCIAL				
Yield (passenger revenue per RPK)	¢	10.44	11.15	(6.4)
PRODUCTIVITY				
Average full-time equivalent employees	#	33,862	34,872	(2.9)
RPK per employee	000	2,400	2,213	8.5
ASK per employee	000	3,077	2,852	7.9

QANTAS AIRWAYS LIMITED
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CONSOLIDATED EARNINGS BEFORE INTEREST AND TAX
for the year ended 30 June 2004

(Unaudited)	Year Ended 30 June 2004 $m	% of Group Total	Year Ended 30 June 2003 $m	% of Group Total
International Airline Operations	397.8	36.2	221.6	39.1
Domestic Airline Operations	465.7	42.4	165.7	29.2
Subsidiary Operations: [1]				
Qantas Holidays Group	54.1	4.9	43.6	7.7
QantasLink Group	97.0	8.8	57.3	10.1
Qantas Flight Catering Group	90.0	8.2	73.3	12.9
Australian Airlines	1.1	0.1	(14.7)	(2.6)
Qantas Defence Services	8.7	0.8	4.5	0.8
Equity Accounting	19.7	1.8	9.6	1.7
Other Subsidiaries	(35.9)	(3.2)	6.1	1.1
Total Subsidiary Operations	234.7	21.4	179.7	31.7
Group Earnings Before Interest and Tax	**1,098.2**	**100.0**	**567.0**	**100.0**

Notes
1. Subsidiary operations earnings before interest and tax includes profit earned on services provided to Qantas Airways Limited.

QANTAS AIRWAYS LIMITED
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CONSOLIDATED DEBT, GEARING AND CAPITALISATION OF NON-CANCELLABLE OPERATING LEASES

as at 30 June 2004

(Unaudited)	As at 30 June 2004 $m	As at 30 June 2003 $m	Percentage Change %
Statement of Financial Position Equity	5,840.3	5,262.1	11.0
On Balance Sheet Debt [1]			
Current Debt	821.9	971.1	(15.4)
Non-current Debt [2]	5,081.8	5,391.9	(5.8)
Swap Offset [3]	(897.5)	(1,076.1)	(16.6)
Cash and Cash Equivalents [4]	(1,500.2)	(2,211.0)	(32.1)
Net Debt	3,506.0	3,075.9	14.0
Off Balance Sheet Debt			
Present Value of Non-Cancellable Operating Leases	2,068.2	2,105.6	(1.8)
Net Debt including Off Balance Sheet Debt	5,574.2	5,181.5	7.6
Revenue Hedge Receivables [5]	(19.2)	117.7	116.3
Net Debt Including Off Balance Sheet Debt and Revenue Hedge Receivables	5,555.0	5,299.2	4.8
Statement of Financial Position including Off Balance Sheet Debt			
Total Assets	19,455.4	18,885.4	3.0
Total Liabilities	13,728.2	13,719.6	0.1
Total Equity	5,727.2	5,165.8	10.9
Net Debt to Net Debt and Equity [6]	38 : 62	37 : 63	n/a
Net Debt to Net Debt and Equity (including Off Balance Sheet Debt) [6]	49 : 51	50 : 50	n/a
Net Debt to Net Debt and Equity (including Off Balance Sheet Debt and Revenue Hedge Receivables) [6]	49 : 51	51 : 49	n/a
Working Capital Ratio	38 : 62	45 : 55	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. Revenue Hedge Receivables are included in the statement of financial position until the revenue to which they relate is realised.
6. 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.

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CONSOLIDATED NET INTEREST AS A PERCENTAGE OF AVERAGE NET DEBT

as at 30 June 2004

(Unaudited)	Year Ended 30 June 2004 $m	Year Ended 30 June 2003 $m
Borrowing Costs		
Net Borrowing Costs	133.6	64.7
Capitalised Interest	49.2	82.7
Interest on Non-cancellable Operating Leases	135.9	113.2
Adjusted Net Interest Expense	**318.7**	**260.6**
Interest Cover	8.2	8.8
Average Net Debt *		
Average Net Debt Including Off Balance Sheet Debt	5,377.9	4,645.8
Average Net Debt Including Off Balance Sheet Debt and Revenue Hedge Receivable	5,427.1	4,601.5
Adjusted Net Borrowing Costs as a Percentage of:		
Average Net Debt Including Off Balance Sheet Debt	5.9	5.6
Average Net Debt Including Off Balance Sheet Debt and Revenue Hedge Receivable	5.9	5.7

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