

*The Spirit
of Australia*



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Qantas Airways Limited
ACN 009 661 901

Notice of Meeting

The Annual General Meeting of Qantas Airways Limited will be held at 2:00pm on Thursday 16 November 2000 in the Bayside Banquet Hall at the Sydney Convention Centre, Darling Harbour, Sydney.

All amounts are expressed in Australian dollars unless otherwise stated.

2000 HIGHLIGHTS

- ▶ Net profit before tax earned during the 1999/2000 financial year was \$762.8 million, up \$100.3 million or 15.1 percent on last year.
- ▶ Delivery of three new Boeing 747-400 and one new Boeing 767-300 aircraft as well as the arrival of the first of seven leased Boeing 767-300 aircraft.
- ▶ Intensive studies underway for a fleet investment program.
- ▶ Increase in expenditure on core airline engineering and maintenance activities.
- ▶ New facility for seals and bearings maintenance work sets industry benchmark.
- ▶ Continued growth in route network with new services and alliances.
- ▶ Plans announced for \$400 million expenditure on product and service improvements.
- ▶ Dividend Reinvestment Plan to be reintroduced.
- ▶ Foundations set for e-commerce business strategy.



On Thursday 16 November 2000, Qantas – the oldest airline in the English-speaking world – celebrates the 80th anniversary of its foundation. Registered originally as The Queensland and Northern Territory Aerial Services Limited, the airline has built a reputation for excellence in:

- ▶ SAFETY
- ▶ OPERATIONAL RELIABILITY
- ▶ ENGINEERING AND MAINTENANCE
- ▶ CUSTOMER SERVICE



Delivering on Our Commitments

Qantas maintains a commitment to the highest standards of safety, aircraft maintenance and flight operations. The airline also recognises its responsibilities to the communities in which it operates and is proud of its achievement in delivering to key stakeholders – customers, shareholders, employees and the broader community.



INTERACTING WITH OUR CUSTOMERS

- ▶ More than 20 million customers flew Qantas in the 1999/2000 financial year.
- ▶ Membership of the Frequent Flyer program reached 2.4 million.
- ▶ Frequent Flyers redeemed award points to travel on more than 1.8 million flight segments in the 1999/2000 financial year, up from 1.4 million the previous year.
- ▶ Membership of The Qantas Club – the airline's international and domestic airport lounge program – increased to 240,000.
- ▶ Qantas continued to seek the opinions of travellers and some 65,000 people took part in comprehensive customer and market research in Australia and 14 other countries/markets throughout the year.

REWARDING OUR SHAREHOLDERS

- ▶ Qantas has 144,000 shareholders, an increase of 37,000 over the previous year.
- ▶ Full year ordinary dividends of 22 cents per share, fully franked, were declared.
- ▶ Special dividend of 37 cents per share declared to release surplus franking credits.
- ▶ Dividend payout ratio of 138 percent (including abnormals and special dividend).
- ▶ Dividend yield of 17.5 percent based on 30 June 2000 share price.



RECOGNISING OUR PEOPLE

- ▶ Average number of full-time employees over the year to 30 June was 29,217.
- ▶ Of these, approximately 27,000 staff own Qantas shares.
- ▶ Eligible employees to each receive \$1,000 of bonus shares under the Qantas Profitshare Scheme.
- ▶ Staff training expanded throughout the year via the in-house program, "Qantas College Online".
- ▶ Additional training given to staff on Equal Employment Opportunity, anti-discrimination and cultural diversity issues.

CONTRIBUTING TO OUR COMMUNITY

- ▶ Qantas continued to make a positive contribution to the Australian and international community through support of a wide range of sporting, cultural, charitable and environmental organisations and activities.

Chairman's Report

RECORD RETURNS FOR SHAREHOLDERS



It gives me great pleasure to present to you my first Annual Report as Chairman of Qantas. The airline achieved another record result for the year ended 30 June 2000 with a net profit before tax of \$762.8 million (1999: \$662.5 million), representing an increase of 15.1 percent over the previous year. It was the fifth year of sustained profit increases for the company since privatisation in 1995. Net profit after tax of \$517.9 million (1999: \$420.9 million) was up 23 percent on the previous year and included \$82 million from two abnormal items. Operating profit before tax and abnormal items increased by \$103.3 million from \$601.7 million to \$705 million.

DIVIDENDS

The Board declared fully franked ordinary dividends totalling 22 cents per share for the year and a special dividend of 37 cents per share. The special dividend was declared to maximise your returns by distributing accumulated franking credits in a year when they have more value to you. Following the reintroduction of the Dividend Reinvestment Plan (DRP), the fully franked special dividend will be paid in December. The DRP gives you the option of receiving the fully franked special dividend in cash or reinvesting in Qantas shares.

THE YEAR IN REVIEW

Qantas maintained its commitment to the highest standards of safety, aircraft maintenance and flight operations. During the 1999/2000 financial year, the airline invested more in core airline maintenance and recruited additional staff for the Engineering and Maintenance division.

Qantas established a new industry benchmark when it commissioned a completely new facility for seals and bearings maintenance at its Mascot Jetbase.

The airline also continued to invest in new aircraft and took delivery of three new Boeing 747-400s, one new Boeing 767-300 and the first of seven Boeing 767-300s being leased from British Airways, to provide further capacity for increased services and to allow for additional maintenance time.

Work continued on the assessment of aircraft types being proposed for the Qantas fleet by both Airbus and Boeing. Both manufacturers are proposing new Very Large Aircraft (VLAs) and options for 300-seat aircraft for the core fleet.

Qantas continued to expand its route network during the 1999/2000 financial year. In October, the airline returned to New York after an absence of 26 years, through the introduction of direct services from Sydney. It also became the first airline to fly non-stop scheduled services between Los Angeles and Melbourne. In March, Qantas extended the first-ever franchise of its brand to another airline. The Qantas brand is now visible in the New Zealand domestic market through the franchise.

Australian domestic capacity increased during the year with the introduction of Boeing 767 aircraft on key domestic routes.

PRODUCT

In March 2000, Qantas announced an investment of \$400 million in product and service improvements over the next two years.

These improvements include:

- ▶ a new inflight entertainment and communication system in its international long-haul fleet of 747-400 aircraft
- ▶ the introduction of cuisine inspired by Sydney chef and restaurateur, Neil Perry, to the airline's domestic network
- ▶ improvements to a number of Qantas Club lounges around the network.

E-COMMERCE

The airline continued planning its e-commerce business strategy and will soon launch additional internet-based offerings for corporate customers and travel partners. New purchasing partnerships are also starting to take shape.

BOARD AND MANAGEMENT CHANGES

I would like to formally acknowledge the significant contribution of the previous Chairman, Gary Pemberton, who retired in August 2000 after chairing the Qantas Board for more than seven years. I would also like to acknowledge Directors who have retired since the last Annual Report – Bob Ayling, John Ducker and Gary Toomey – and welcome new Directors who have been appointed – Lord Marshall (1 July 2000), Geoff Dixon (1 August 2000), Peter Gregg (13 September 2000) and Dr John Schubert (23 October 2000).

In September 2000, the Board announced that Deputy Chief Executive Officer, Geoff Dixon, would succeed Chief Executive, James Strong, when he retires, as previously announced, in 2001.

The Board plans to continue the strategies that have served Qantas well and will manage carefully the asset base, maintain the emphasis on productivity and efficiency and meet the competition in a vigorous manner.

On behalf of the Qantas Board, I would like to thank management and staff for their commitment during the year and congratulate them on their outstanding contribution to the 2000 result.

A handwritten signature in black ink, appearing to read 'Margaret Jackson'. The signature is fluid and cursive, written over a white background.

MARGARET JACKSON
Chairman

Chief Executive's Report



MEETING THE CHALLENGES – INCREASED COMPETITION

The 1999/2000 result demonstrated the strength of the airline's core operations. It positions the airline well to respond to new entrants domestically and to international competitors.

DOMESTIC STRATEGY

Qantas will meet the challenge of new competition using pricing and inventory management as well as leveraging our network strengths and loyalty programs.

We have developed an integrated strategy involving a great deal more than simply responding to competitive initiatives such as heavily discounted airfares on Australia's major domestic trunk routes.

We will consolidate our position as the leading brand in Australia with highly visible advertising and sponsorship.

We will strengthen relationships with corporate accounts and travel agents, maintaining an appropriate balance of direct and indirect sales.

INTERNATIONAL STRATEGY

An increasingly important aspect of our international strategy is the continuing development of our partner relationships.

Qantas and British Airways continue to develop ways of working together even more closely and our membership of the **oneworld** alliance provides feeder traffic and further expands our network offering.

Qantas has franchised its brand to Tasman Pacific Airlines, which is now operating as Qantas New Zealand. This partnership will enhance feeder traffic flowing onto the existing Qantas network.

Qantas is building its image internationally, focusing on its distinct personality and targeting business travellers.

We are developing an integrated fleet plan for the next five to 10 years, including assessment of new Very Large Aircraft (VLAs) and 300-seater aircraft.

SUBSIDIARY AND REGIONAL AIRLINE OPERATIONS

Our subsidiary operations, including regional airlines, contributed \$169.4 million to the group's Earnings Before Interest and Tax (EBIT), an increase of 23.9 percent above the contribution last year. Returns from subsidiary and other businesses constitute a significant proportion of the group's total profitability and provide a number of important avenues for growth in the future.

EBIT from the regional airlines within the group – Sunstate, Eastern Australia, Southern Australia and Airlink – increased by 30.5 percent to \$67.2 million driven by an increase in revenues of 15 percent on capacity growth of 10 percent.

In keeping with our growth strategy, Qantas Flight Catering Limited acquired the flight catering operations of Caterair Airport Services in Brisbane and Cairns and assumed management control and operational responsibility for the joint venture in Sydney. In August 2000, we also announced plans to establish a plant to centralise meal production for the airline and to supply non-aviation markets.

QANTAS STAFF

Our success is achieved by our people. They continue to demonstrate a willingness to take responsibility and ownership for the future of the company. They also display a thorough understanding of the competitive challenges ahead and of the critical role that profits and returns to shareholders play in the future of the company.

In recognition of the valuable contribution of staff towards an outstanding financial result, the Board has approved a grant of \$1,000 of bonus shares to each eligible employee under the Qantas Profitshare Scheme.

A handwritten signature in black ink that reads "James Strong". The signature is written in a cursive, slightly slanted style.

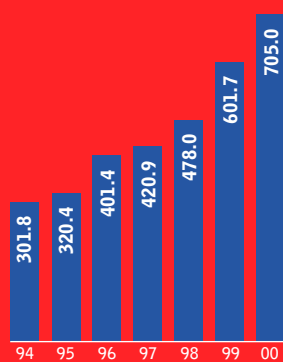
JAMES STRONG

Chief Executive

Chief Financial Officer's Review

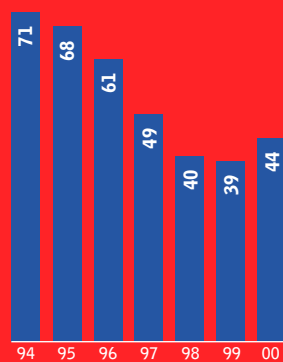
ANOTHER RECORD PROFIT

Operating Profit before Tax and Abnormals (\$ million)



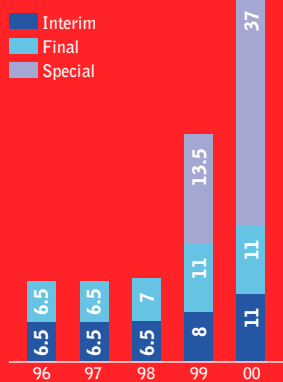
A CONTINUOUS RECORD OF PROFIT IMPROVEMENT

Gearing – Adjusted for Operating Leases (%)



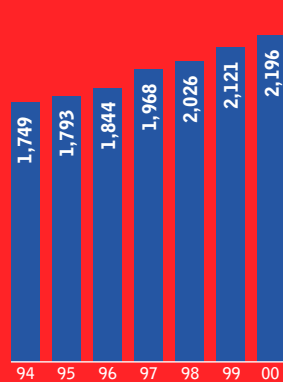
GEARING REMAINS AT AN ACCEPTABLE LEVEL

Dividends (cents per share)



SHAREHOLDER RETURNS HAVE BEEN MAXIMISED BY THE PAYMENT OF A SPECIAL DIVIDEND

RPKs per Employee (000)



PRODUCTIVITY GAINS CONTINUE TO BE ACHIEVED

OPERATING PROFIT

- ▶ Net profit after tax \$517.9 million, up 23 percent (1999: \$420.9 million).
- ▶ Operating profit before tax and abnormals \$705 million, up 17.2 percent (1999: \$601.7 million).
- ▶ Abnormal items after tax \$82 million, up 110.8 percent (1999: \$38.9 million).
- ▶ Sales and operating revenue \$9,106.8 million, up 7.8 percent (1999: \$8,448.7 million).

CONTRIBUTIONS TO EARNINGS

- ▶ International airline operations EBIT up 21.6 percent to \$374.8 million.
- ▶ Domestic airline operations EBIT up 5.9 percent to \$272 million.
- ▶ Subsidiary operations EBIT up 23.9 percent to \$169.4 million.

EARNINGS PERFORMANCE

- ▶ Earnings per share of 42.8 cents, up 20.9 percent (1999: 35.4 cents).
- ▶ Final dividend of 11 cents per share, fully franked.
- ▶ Special dividend of 37 cents per share, fully franked.
- ▶ Total dividends per share of 59 cents, up 81.5 percent (1999: 32.5 cents).
- ▶ Qantas Shareholder Return since float of 140 percent, 56 percentage points higher than the All Industrials and 89 percentage points higher than the All Ordinaries over the same period.

REVENUE

- ▶ Net passenger revenue \$6,975.6 million, up 8.4 percent (1999: \$6,437.5 million).
- ▶ Non-passenger revenue \$2,131.2 million, up 6 percent (1999: \$2,011.2 million).
- ▶ Increase in non-passenger revenue driven by loyalty program revenue, contract work revenue and tours and travel revenue.

EXPENDITURE

- ▶ Operating expenditure \$8,290.6 million, up 7 percent (1999: \$7,746.9 million).
- ▶ Net interest expense \$111.2 million, up 11.1 percent (1999: \$100.1 million).
- ▶ Expenditure rose due to the additional costs associated with higher revenue and additional capacity.
- ▶ Depreciation, lease and interest costs rose due to further investment in aircraft, terminals, product and services.

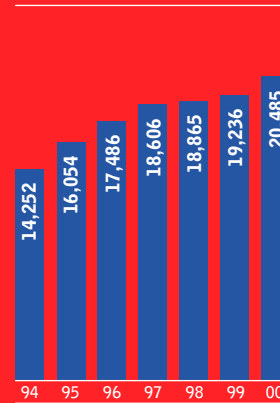
OPERATIONAL PERFORMANCE

- ▶ Passengers carried 20.5 million, up 6.5 percent (1999: 19.2 million).
- ▶ Revenue passenger kilometres (RPKs) 64.1 billion, up 7.2 percent (1999: 59.9 billion).
- ▶ Available seat kilometres (ASKs) 85 billion, up 4 percent (1999: 81.8 billion).
- ▶ Revenue seat factor 75.4 percent, up 2.2 percentage points (1999: 73.2 percent).
- ▶ Yield 10.87 cents per RPK, up 1.1 percent (1999: 10.75 cents per RPK).
- ▶ Average full-time equivalent employees 29,217, up 3.5 percent (1999: 28,226).
- ▶ RPKs per employee of 2,196,000, up 3.5 percent (1999: 2,121,000).

BALANCE SHEETS

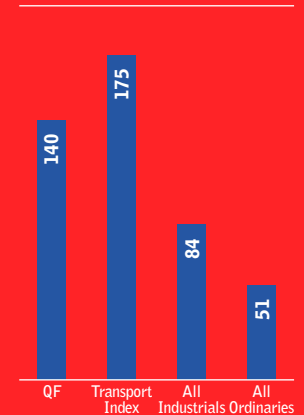
- ▶ Gearing (including notional capitalisation of non-cancellable leases) 44:56, up 5 percentage points (1999: 39:61) primarily due to the special dividend and inclusion of all aircraft leases.
- ▶ Net operating cash flow \$1,599.8 million, up 32.4 percent (1999: \$1,208.3 million).
- ▶ Capital expenditure \$1,141.8 million, predominantly related to aircraft acquisitions, aircraft reconfiguration costs, engine modifications and spares.
- ▶ Dividend Reinvestment Plan to be reintroduced prior to the payment of the special dividend.

Passenger Numbers (000)



GROWTH IN PASSENGER NUMBERS WAS MAINTAINED

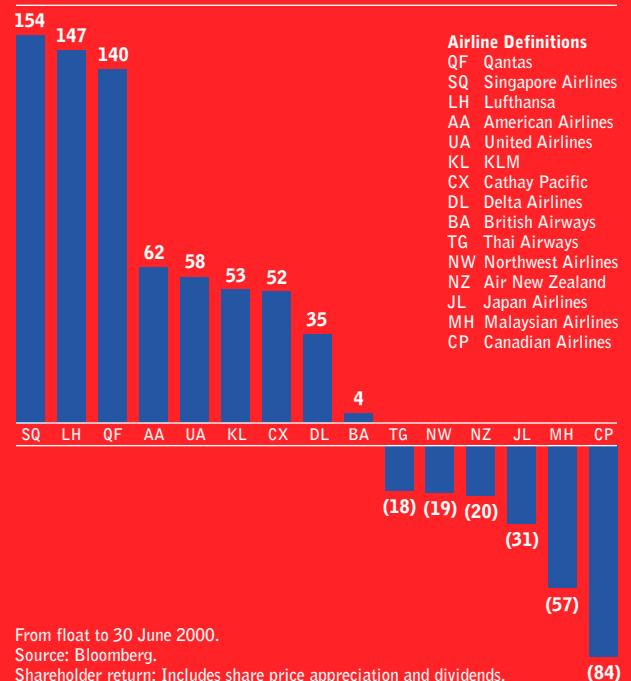
Qantas Shareholder Return vs Selected ASX Indices (%)



From float to 30 June 2000.

SHAREHOLDER RETURNS SINCE FLOAT ARE 2.7 TIMES GREATER THAN THE ALL ORDINARIES OVER THE SAME PERIOD

Qantas Shareholder Return vs Selected Airlines (%)



From float to 30 June 2000.

Source: Bloomberg.

Shareholder return: Includes share price appreciation and dividends.

STRONG SHAREHOLDER RETURNS WITHIN OUR INDUSTRY GROUP

QANTAS OPERATES ONE OF THE LARGEST AND MOST SOPHISTICATED ENGINEERING AND MAINTENANCE FACILITIES IN THE ASIA-PACIFIC REGION TO SUPPORT THE AIRLINE'S FLEET.

- ▶ Total expenditure on core airline engineering and maintenance activities during the 1999/2000 financial year was up more than eight percent on the previous year and more than 30 percent on the amount expended when the company was listed in 1995/96.
- ▶ As well as servicing the Qantas fleet, Qantas engineering and maintenance undertakes more than \$120 million worth of outside customer business annually, some 11 percent of its productive work.

- ▶ Qantas holds regulatory approval from the Australian Civil Aviation Safety Authority (CASA), the United States Federal Aviation Administration (FAA), the European Joint Airworthiness Authority and many other foreign regulatory authorities.
- ▶ Qantas is subject to regular reviews by CASA and by the regulatory authorities from other countries including the United States, Japan and Europe.
- ▶ Approximately 12.5 percent of Qantas maintenance work is contracted out compared with an industry average of about 30 percent. Qantas contracts out work to companies that maintain the highest standards, usually the original equipment manufacturers.



- ▶ During the 1999/2000 financial year, Qantas commissioned a completely new facility for seals and bearings work at its Mascot Jet Base, setting a new industry benchmark.
- ▶ The airline began installing a new Enhanced Ground Proximity Warning System (EGPWS) in its core fleet of Boeing 737, 767 and 747 aircraft as part of the company's commitment to maintaining and enhancing air safety.
- ▶ Qantas increased its Engineering and Maintenance division staff by 114 people during the financial year and is building further its staff numbers in operational and support areas within the division. The division currently employs more than 5,500 staff.



LEFT: HEAVY MAINTENANCE FACILITY – SYDNEY

ABOVE: BOEING 747 FLIGHT SIMULATOR

ABOVE RIGHT: A NEW FACILITY FOR SEALS AND BEARINGS MAINTENANCE OPENED IN SYDNEY IN JULY 2000

RIGHT: ENGINE LINE MAINTENANCE FACILITY



A FIRST CLASS FLEET



QANTAS WILL CONTINUE TO MAINTAIN A FIRST CLASS FLEET OF AIRCRAFT TO MEET ITS NEEDS AS AN INTERNATIONAL, DOMESTIC AND REGIONAL CARRIER.



The superior quality of the fleet is the foundation of the airline's safety, operational reliability and punctuality.

At 30 June 2000, Qantas was operating a core jet fleet of 101 aircraft, comprising Boeing 737s, 767s and 747s. Qantas regional airlines operated a mixed fleet of 46 aircraft.

NEW AIRCRAFT

During the year, Qantas took delivery of:

- ▶ three new Boeing 747-400s
- ▶ one new Boeing 767-300
- ▶ the first of seven Boeing 767-300 aircraft leased from British Airways.

The additional capacity provided is enabling the airline to commence increased services and also provide additional maintenance time as part of a comprehensive program to maintain schedule punctuality.

FUTURE REQUIREMENTS

Qantas has been working closely with Airbus and Boeing for some years to ensure their large aircraft products will meet the airline's special needs.

- ▶ In June 2000, Qantas indicated interest in becoming a launch customer for the Airbus A3XX-100 variant capable of carrying more than 500 passengers in a three-class configuration on key, high-density routes between Australia and London and Australia and Los Angeles.
- ▶ Boeing also indicated that it would be producing a larger version of the 747-400 aircraft to compete with the Airbus proposal and Qantas will factor this into its evaluation.

Qantas is also evaluating other proposals for a 300-seat aircraft – from Airbus for its A330 and A340 aircraft, and from Boeing for its 777 and 767-400 aircraft.

REGIONAL AIRLINES

- ▶ Eastern Australia Airlines purchased two additional 36-seat Dash 8 aircraft.
- ▶ Sunstate Airlines took delivery of a new Dash 8 Q300 series aircraft, the first of its kind to operate in Australia.

OPERATIONAL AIRCRAFT FLEET

Details as at 30 June 2000

AIRCRAFT TYPE	OWNED, HP & FINANCE LEASES	EXTENDABLE OPERATING LEASES	OTHER OPERATING LEASES	TOTAL IN SERVICE
Boeing 747-400	18	6	–	24
Boeing 747-300	5	–	–	5
Boeing 747-200B	3 *	–	–	3
Boeing 747SP	2	–	–	2
Boeing 767-300ER	17	5	–	22
Boeing 767-200ER	7	–	–	7
Boeing 737-400	21	–	1	22
Boeing 737-300	16	–	–	16
TOTAL CORE FLEET	89	11	1	101
British Aerospace BAe 146	–	–	17	17
de Havilland Canada Dash 8	21	–	4	25
Shorts SD360	4	–	–	4
TOTAL REGIONAL FLEET	25	–	21	46
TOTAL QANTAS FLEET	114	11	22	147

* Excludes two Boeing 747-200B aircraft on six-year leases to Air Pacific.

QANTAS CONTINUED TO GROW ITS ROUTE NETWORK THROUGH THE INTRODUCTION OF QANTAS SERVICES TO NEW DESTINATIONS AND THE FORMATION OF STRATEGIC ALLIANCES WITH CODESHARE PARTNERS.

Developments included:

UNITED STATES AND CANADA

- ▶ After an absence of 26 years, Qantas returned to New York with the introduction of services between Sydney and New York in October 1999.
- ▶ Qantas introduced non-stop services between Los Angeles and Melbourne and same-plane flights from Brisbane to Los Angeles via Auckland.
- ▶ Qantas commenced Boeing 767 services between Sydney and Canada, via Honolulu, in July 2000.
- ▶ Qantas began offering services between Las Vegas and Los Angeles through an expansion of its codeshare agreement with American Airlines.

ASIA

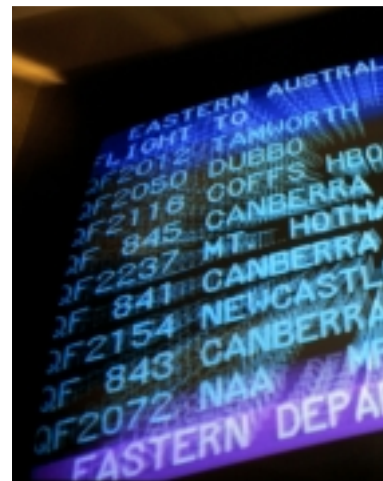
- ▶ Under the Joint Services Agreement with British Airways, Qantas expanded frequency between Perth and Singapore and Brisbane and Singapore, connecting with Qantas and British Airways services between Singapore and the United Kingdom/Europe.
- ▶ In response to customer demand, Qantas Airlink introduced twice-daily services between Darwin and Dili, in East Timor.
- ▶ Qantas and Taiwan's EVA Airways negotiated a codeshare agreement for services between Sydney and Taipei and Brisbane and Taipei, effective May 2000.

UNITED KINGDOM/EUROPE

- ▶ Additional through-services were introduced between Melbourne and London in November 1999.
- ▶ Preparations were made for the August 2000 announcement of plans to operate one additional service each week between Australia and Rome, taking to four the number of services each week via Bangkok.
- ▶ Through its codeshare agreement with British Airways, Qantas commenced services between London and Newcastle-on-Tyne, and between London and Berlin, Dusseldorf, Hamburg and Munich.
- ▶ Qantas and fellow **oneworld** member Finnair began codesharing on flights between Sydney and Helsinki and Melbourne and Helsinki.

NEW ZEALAND AND SOUTH PACIFIC

- ▶ Qantas extended the first-ever franchise of its brand to another airline, Tasman Pacific Airlines, and is now visible in the New Zealand domestic market with services being offered under the Qantas New Zealand brand.
- ▶ Qantas began offering services between Australia and Western Samoa under a codeshare agreement with Polynesian Airlines.



AUSTRALIA

- ▶ Qantas continued its strategy of increasing capacity through the use of wide-bodied Boeing 767s on key domestic routes.
- ▶ Qantas was the first airline to operate commercial services to the new Mount Hotham Airport in Victoria, effective June 2000.
- ▶ Through its regional subsidiary Southern Australia Airlines, Qantas increased capacity between the mainland and Tasmania by almost 1,600 seats per week, from April 2000.
- ▶ Qantas introduced new services four times a week between Cairns and Hamilton Island operated by Brisbane-based regional subsidiary, Sunstate Airlines.
- ▶ Qantas introduced a major upgrade of capacity into Newcastle, including daily jet services from Melbourne and Brisbane.



ONEWORLD ALLIANCE

Qantas continued to participate actively in the **oneworld** global airline alliance. During the 1999/2000 financial year, the alliance that “revolves around you”:

- ▶ welcomed new members Iberia, Finnair, Aer Lingus and LanChile
- ▶ established a global headquarters in Vancouver.

The alliance now has eight member airlines – Aer Lingus, American Airlines, British Airways, Cathay Pacific, Finnair, Iberia, LanChile and Qantas.



TOP: SERVICES
HAVE COMMENCED
TO CANADA

ABOVE: SKIERS OFF
TO MOUNT HOTHAM

THE CUSTOMER EXPERIENCE INFLIGHT



QANTAS WILL CONTINUE TO PROVIDE ITS CUSTOMERS WITH AN INFLIGHT PRODUCT DESIGNED TO MEET THEIR EXPECTATIONS AND TO MAINTAIN THE AIRLINE AT THE FOREFRONT OF CUSTOMER SERVICE AND INFLIGHT TECHNOLOGY.

In March 2000, Qantas announced plans to invest \$300 million in a new inflight entertainment and communications system on its international long-haul Boeing 747-400 aircraft, providing individual seat-back videos in Economy Class and larger individual screens and in-seat power points for laptops in First and Business Class. Passengers will have access to a hard drive-based intranet, offering access inflight to selected websites, games on demand and telephones.

Qantas has added cuisine inspired by the Sydney chef and restaurateur, Neil Perry, in Business Class on services across the Tasman and will add it to the airline's domestic network during 2000/2001.

The airline also has introduced:

- ▶ a choice of premium Australian and overseas show-medal quality wines in each class on international and domestic flights
- ▶ select menus for Business Class designed specifically for the sector length, departure time and cultural profile of each market
- ▶ "movie marathons" on all international flights with new release movies running non-stop in Economy Class
- ▶ hi-tech Dolby headphone surround sound on selected movies on international flights
- ▶ a special afternoon news service on domestic flights and an international news service with extended coverage of international news and sport on international flights
- ▶ key Channel Nine programs, such as A Current Affair, 60 Minutes, Getaway, Money, Australia's Funniest Home Video Show and Burke's Backyard, on domestic flights
- ▶ a dedicated sports channel for First and Business Class customers flying into Australia.

Qantas has also set a new standard for Australian domestic aviation medicine with the installation of cardiac defibrillators on all of its Boeing 737 aircraft. The equipment enables fast and easy treatment of passengers experiencing cardiac arrest.

LEFT: QANTAS FLIGHT CATERING – SYDNEY

ABOVE LEFT: INTERNATIONAL ECONOMY CLASS

RIGHT: FOOD SERVICE IN INTERNATIONAL BUSINESS CLASS



QANTAS CUSTOMERS BENEFIT FROM ENHANCEMENTS IN AIRPORT LOUNGES, TERMINALS AND OTHER ON-GROUND SERVICES.



During the 1999/2000 financial year, work neared completion on the expansion and redevelopment of the Qantas Domestic Terminal at Tullamarine Airport in Melbourne. Costing approximately \$83 million, the new building doubles the size of the previous terminal to cater for more than six million customers who Qantas carries to and from Victoria each year. Qantas continued plans involving the expenditure of more than \$30 million on airport lounge developments, including:

- ▶ relocation, expansion and modernisation of The Qantas Clubs at the Sydney and Melbourne International Terminals
- ▶ opening of a new Melbourne domestic Qantas Club lounge
- ▶ development of a new joint Qantas/British Airways First Class lounge in Singapore
- ▶ creation of open-plan shopping areas within domestic Qantas Clubs in Sydney and Melbourne.



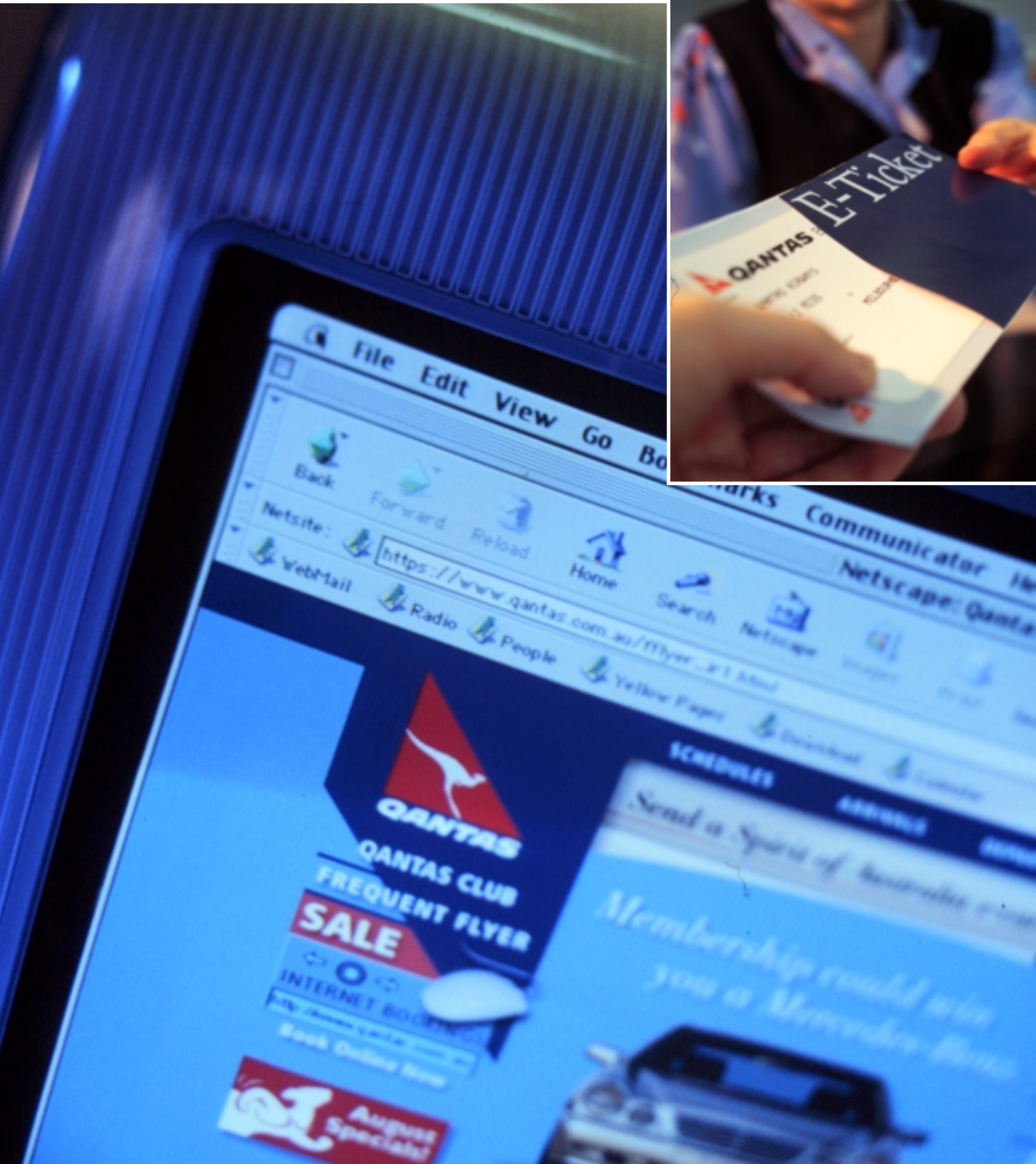


ABOVE:
NEW DOMESTIC
TERMINAL –
MELBOURNE

LEFT: QANTAS CLUB
LOUNGE

FAR LEFT:
TRAVEL AGENTS –
AN IMPORTANT
PART OF OUR
DISTRIBUTION
NETWORK

IMPROVING BUSINESS EFFICIENCY ONLINE





QANTAS IS PURSUING BUSINESS EFFICIENCIES THROUGH ONLINE PURCHASING AND DISTRIBUTION AND DURING THE 1999/2000 FINANCIAL YEAR RECRUITED A SPECIALIST TEAM OF AROUND 60 PEOPLE TO DEVELOP E-COMMERCE OPPORTUNITIES.

The e-commerce initiatives – to be rolled out progressively – form a blueprint for Qantas to become one of Australia's leading online businesses with significant benefits for customers.

Planning continued for one key component – announced in August 2000 – an alliance with Telstra which will include the provision of co-branded mobile telephones and internet access, associated with the allocation of Qantas Frequent Flyer points. Qantas will use telstra.com as its premier online channel for delivering products and services to the airline's customers.

Qantas announced plans for its involvement in two Business-to-Business purchasing exchanges:

- ▶ **corProcure** – indirect purchasing exchange for leading Australian companies
- ▶ **AirNewco** – aircraft parts and consumables exchange for leading airlines.

Both offer savings in purchase prices, purchasing process costs and supply chain management, and provide potential equity benefits.

Other developments in the 1999/2000 year included:

- ▶ a facility, as part of progressive improvements to the Qantas website, enabling airfares to be booked online to all international destinations from Australia, New Zealand, the United States and the United Kingdom
- ▶ a substantially increased use of e-ticket, reaching 2.4 million tickets for domestic travel and more than 45,000 for international travel

- ▶ establishment by Qantas, in conjunction with other airlines, of an independent online full-service travel exchange for the Asia-Pacific region to provide products including air travel, hotel booking, car rentals and land tours
- ▶ the continued planning of a Corporate Travel Management System being piloted to provide for corporate customers an online booking system, lower costs, easier management of billing and more comprehensive reporting
- ▶ an online shop, initially offering Qantas branded merchandise, through the Qantas website at www.qantas.com.au

In 1999/2000, Qantas installed a new \$250 million telecommunications network, connecting all of its airport and administrative offices around the world. The international component of the new QIPNet (Qantas Internet Protocol Network) system is one of the most advanced telephone, computer, internet and intranet networks in the world. The Qantas/Telstra Care Team Centre monitors QIPNet.

LEFT: NEW ONLINE INITIATIVES INTRODUCED

ABOVE LEFT: USE OF E-TICKET CONTINUES TO GROW

ABOVE: A NEW STRATEGIC ALLIANCE WITH TELSTRA

QANTAS SUPPORTS A WIDE RANGE OF SPORTING, CULTURAL, CHARITABLE AND ENVIRONMENTAL ORGANISATIONS AND ACTIVITIES TO MAKE A POSITIVE CONTRIBUTION TO THE AUSTRALIAN AND INTERNATIONAL COMMUNITY.

A selection includes the following National and State-based organisations and activities.

NATIONAL

- ▶ Qantas Australian (Formula One) Grand Prix
- ▶ Qantas Australian (500cc) Motorcycle Grand Prix
- ▶ Qantas Swimming Skins
- ▶ Australian Defence Forces Christmas Concert in Dili for the INTERFET troops
- ▶ Australian Rugby Union (World Cup)
- ▶ Australian Swimming
- ▶ Bangarra Dance Theatre
- ▶ Banksia Environmental Foundation
- ▶ Basketball Australia
- ▶ Bobby Goldsmith Foundation
- ▶ CanTeen
- ▶ Care Australia
- ▶ Clean-up Australia
- ▶ Global Freeway Australian Youth Orchestra
- ▶ National Australia Day Council
- ▶ Netball Australia
- ▶ Opera Australia
- ▶ Prime Minister's Disability Awards
- ▶ Starlight Children's Foundation
- ▶ UNICEF Change for Good
- ▶ World Vision
- ▶ Young Achievement Australia

VICTORIA

- ▶ The Royal Victoria Institute for the Blind Carols by Candlelight
- ▶ Melbourne Food & Wine Festival
- ▶ Melbourne Festival
- ▶ Royal Children's Hospital – Good Friday Flights
- ▶ Playbox Theatre
- ▶ National Gallery of Victoria

QUEENSLAND

- ▶ Brisbane Festival
- ▶ Gold Coast Honda Indy 300 Grand Prix
- ▶ Queensland Institute of Medical Research
- ▶ The Endeavour Foundation

AUSTRALIAN CAPITAL TERRITORY

- ▶ National Gallery of Australia including major exhibitions such as the Book of Kells
- ▶ Qantas Canberra Cup horse racing carnival
- ▶ Winston Churchill Memorial Trust

NEW SOUTH WALES

- ▶ Art Gallery of New South Wales and its Yiribana Gallery
- ▶ New Children's Hospital, Westmead
- ▶ Sydney Dance Company
- ▶ Sydney Festival
- ▶ Museum of Contemporary Art
- ▶ Taronga Zoo





WESTERN AUSTRALIA

- ▶ Leeuwin Estate Concert
- ▶ Rally Australia
- ▶ Dennis Lillee Disabled Sports Foundation

SOUTH AUSTRALIA

- ▶ Glenelg Jazz Festival
- ▶ The Duke of Edinburgh Awards
- ▶ Adelaide Symphony Orchestra

TASMANIA

- ▶ University of Tasmania Foundation
- ▶ Tourism Council of Australia (Tasmania Branch) Annual Tourism Awards
- ▶ Cerebral Palsy Association of Tasmania: "Project MM" Fundraising Project

NORTHERN TERRITORY

- ▶ Arafura Games
- ▶ Brolga Awards
- ▶ Northern Territory School Sports.

LEFT: SYDNEY DANCE COMPANY'S MYTHOLOGIA – SPONSORED BY QANTAS

TOP: CLEAN-UP AUSTRALIA – SPONSORED BY QANTAS

ABOVE: A SPECIALLY PAINTED BOEING 747 RECOGNISES THE QANTAS AUSTRALIAN (FORMULA ONE) GRAND PRIX

Our 80th Anniversary

Qantas has played a key role in the development of Australian and international aviation.



1920

The Queensland and Northern Territory Aerial Services Limited, a Winton-based company, is registered on 16 November in Queensland

1922

The first passenger flight operates on 2 November from Charleville to Longreach

1939-45

Qantas supports the war effort, evacuating defence force personnel and dropping supplies to troops. The airline pioneers history-making flights of 30 hours or more between Perth and Ceylon (Sri Lanka)



1956

Qantas carries the Olympic flame from Athens to Australia for the Games in Melbourne



1974

Qantas establishes a world record by evacuating 673 passengers on one flight from Darwin after Cyclone Tracy



1979

Qantas introduces the world's first dedicated Business Class

1989

Qantas establishes a world distance record for commercial jets when it flies its first Boeing 747-400 non-stop from London to Sydney in 20 hours, nine minutes and five seconds



1928

The Flying Doctor Service is launched using Qantas aircraft

1931

Qantas carries airmail from Brisbane to Darwin as part of an experimental service to the UK

1935

A Qantas DH86 operates the airline's first overseas flight, from Brisbane to Singapore, carrying airmail bound for the UK

1958

Qantas pioneers round-the-world services, using Lockheed Super Constellations



1959

Qantas becomes the first non-US airline to introduce Boeing 707s which halve travel times on trans-Pacific services

1995

Qantas lists on the Australian Stock Exchange as a fully privatised company on 31 July

2000

First Qantas flight on the Silk Road Route over the Tibetan plateau in China marks the inauguration of the world's first air route totally dependent on Future Air Navigation Systems (FANS) technology, which allows aircraft to operate in areas without traditional radar coverage



The Annual General Meeting will be held on 16 November 2000, marking the 80th anniversary of the airline's foundation

Board of Directors



MARGARET JACKSON

MARGARET JACKSON, CHAIRMAN, AGE 47

- ▶ Appointed to the Board in July 1992 and as Chairman in August 2000.
- ▶ Chairman of Victoria's Transport Accident Commission, Chairperson of Methodist Ladies College, Melbourne.
- ▶ Director of Australia and New Zealand Banking Group Limited, Equest Telecom Limited and Billabong International Limited.
- ▶ Fellow of The Institute of Chartered Accountants in Australia.



JAMES STRONG

JAMES STRONG, CHIEF EXECUTIVE, AGE 56

- ▶ Appointed to the Board in January 1991 and as Chief Executive and Managing Director in October 1993.



MIKE CODD, AC

- ▶ Member of the Safety, Environment & Security Committee and Chairman of a number of controlled entities of Qantas.
- ▶ Director of Woolworths Limited, Air Pacific Limited, The Australian Grand Prix and Opera Australia.
- ▶ Deputy Chair of the Australia Business Arts Foundation.

MIKE CODD, AC, NON-EXECUTIVE DIRECTOR, AGE 60

- ▶ Appointed to the Board in January 1992.
- ▶ Member of the Audit Committee. Chairman of the Safety, Environment & Security Committee (from 1 September 2000).
- ▶ Chancellor, University of Wollongong.



GEOFF DIXON

- ▶ Director of CitiPower Limited, MLC Limited, MLC Lifetime Limited, Australian Nuclear Science and Technology Organisation (ANSTO), Toogoolawa Consulting Pty Limited and The Menzies Foundation.
- ▶ Member of the Advisory Boards of Spencer Stuart and Blake Dawson Waldron.

GEOFF DIXON, DEPUTY CHIEF EXECUTIVE OFFICER, AGE 60

- ▶ Appointed to the Board in August 2000.
- ▶ Director of Leighton Holdings Limited and Air Pacific Limited.
- ▶ Member of the International Marketing Institute of Australia and a Director of Mission Australia and the Starlight Foundation.

TREVOR EASTWOOD, AM, NON-EXECUTIVE DIRECTOR, AGE 58

- ▶ Appointed to the Board in October 1995.
- ▶ Member of the Audit Committee (from 1 September 2000) and the Chairman's Committee.
- ▶ Chairman of West Australian Newspapers Holdings Limited, Gresham Partners Holdings Limited and Gresham Rabo Management Limited.
- ▶ Director of Wesfarmers Limited.
- ▶ Fellow of Curtin University, Australian Institute of Management and the Australian Institute of Company Directors.



TREVOR EASTWOOD, AM

PETER GREGG, CHIEF FINANCIAL OFFICER, AGE 45

- ▶ Appointed to the Board in September 2000.
- ▶ Director of a number of controlled entities of Qantas.
- ▶ Director of Air Pacific Limited.
- ▶ Member of the Finance & Treasury Association and the Australian Institute of Company Directors.

JIM KENNEDY, AO, CBE, NON-EXECUTIVE DIRECTOR, AGE 66

- ▶ Appointed to the Board in October 1995.
- ▶ Chairman of the Audit Committee (from 1 September 2000) and a member of the Chairman's Committee.
- ▶ Fellow of The Institute of Chartered Accountants in Australia and public company director.
- ▶ Well known for his contribution to the tourism industry.
- ▶ Chairman of Queensland Investment Corporation.
- ▶ Deputy Chairman of GWA International Limited.
- ▶ Director of Australian Stock Exchange Limited, Macquarie Industrial Trust and Suncorp-Metway Limited.
- ▶ Member of the Advisory Board of Blake Dawson Waldron, the Prime Minister's "Community Business Partnership", the Queensland University of Technology's "Australian Centre for Strategic Management" and the Development Council of the University of Queensland.



PETER GREGG



JIM KENNEDY, AO, CBE



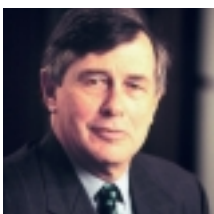
TREVOR KENNEDY, AM



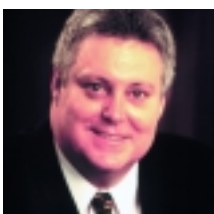
LORD MARSHALL



ROGER MAYNARD



NICK TAIT



GARY TOOMEY

**TREVOR KENNEDY, AM,
NON-EXECUTIVE DIRECTOR,
AGE 58**

- ▶ Appointed to the Board in April 1994.
- ▶ Chairman of Oil Search Limited and Cypress Lakes Group Limited.
- ▶ Deputy Chairman of Darowa Corporation Limited.
- ▶ Director of several other public and private companies including Downer Group Limited, FTR Holdings Limited, Access1 Limited, CommSoft Group Limited and RG Capital Radio Limited.

**LORD MARSHALL,
NON-EXECUTIVE DIRECTOR,
AGE 66**

- ▶ Appointed to the Qantas Board by British Airways Plc on 1 July 2000 – previously served on the Qantas Board from March 1993 to December 1996.
- ▶ Chairman of British Airways Plc since 1993.
- ▶ Chief Executive of British Airways Plc for 13 years until 1996.
- ▶ Chairman of Invensys Plc.
- ▶ Deputy Chairman of British Telecommunications Plc.
- ▶ Director of HSBC Holdings Plc.
- ▶ Crossbench Member of the House of Lords, allied to no particular party.

**ROGER MAYNARD,
NON-EXECUTIVE DIRECTOR,
AGE 57**

- ▶ Appointed to the Qantas Board by British Airways Plc in March 1993.
- ▶ Member of the Audit Committee.
- ▶ Director of Investments and Joint Ventures for British Airways Plc.

**NICK TAIT, NON-EXECUTIVE
DIRECTOR, AGE 61**

- ▶ Appointed to the Qantas Board by British Airways Plc in March 1993.
- ▶ Member of the Safety, Environment & Security Committee and the Chairman's Committee.
- ▶ General Manager Investments and Joint Ventures Australasia for British Airways Plc.
- ▶ Director of Concorde International Travel Limited and World Aviation Systems (Australia) Pty Limited.

**GARY TOOMEY, DEPUTY
CHIEF EXECUTIVE OFFICER,
AGE 45**

- ▶ Appointed to the Board in December 1993.
- ▶ Director of a number of controlled entities of Qantas.
- ▶ Director of Australia and New Zealand Banking Group Limited and Air Pacific Limited.
- ▶ Fellow of The Institute of Chartered Accountants in Australia, the Australian Society of Certified Practising Accountants and several other professional bodies.
- ▶ Resigned from the Board and as Deputy Chief Executive Officer and Chief Financial Officer in September 2000.

Senior Management

JAMES STRONG *
Chief Executive and
Managing Director

GARY TOOMEY *
Deputy Chief Executive Officer
(Resigned September 2000)

GEOFF DIXON *
Deputy Chief Executive Officer

PETER GREGG *
Chief Financial Officer
(Appointed September 2000)

DAVID FORSYTH *
Executive General Manager
Aircraft Operations

DAVID BURDEN *
Executive General Manager
Corporate Services

STEVE MANN *
Executive General Manager
Strategic Planning

DENIS ADAMS
Group General Manager
Commercial Business

PAUL EDWARDS
Group General Manager
Commercial Strategy & Policy

GEORGE ELSEY
Group General Manager
Human Resources

GRANT FENN
Group General Manager
Corporate Finance & Financial
Planning

BRETT JOHNSON
General Counsel & Company
Secretary

ADAM MORONEY
Deputy Chief Financial Officer

* Member of Executive Committee

Corporate Governance

BOARD RESPONSIBILITIES

- ▶ Protect and enhance shareholder value.
- ▶ Set and review strategic direction.
- ▶ Monitor operating and financial performance.
- ▶ Risk management.
- ▶ Report to shareholders.

BOARD STRUCTURE DURING 1999/2000

- ▶ Maximum of 12 Directors.
- ▶ Seven independent Non-Executive Directors elected by shareholders other than British Airways (six from 1 August 2000) – no substantial supplier/customer relationship nor previous executive roles within Qantas.
- ▶ Chairman is an independent Non-Executive Director.
- ▶ Maximum 12-year term for independent Non-Executive Directors and 6-year term for the Chairman.
- ▶ Three Non-Executive Directors appointed by British Airways (a right acquired from the Australian Government in 1993 when British Airways purchased its 25% shareholding).
- ▶ Two Executive Directors (three from 1 August 2000 – the Chief Executive, Deputy Chief Executive Officer and Chief Financial Officer).
- ▶ New independent Non-Executive Directors are chosen by the other independent Non-Executive Directors and re-elected by shareholders.

AUSTRALIAN PROVISIONS

- ▶ Provisions in the Constitution to ensure the independence of the Qantas Board and to protect the airline's position as an Australian flag carrier.
- ▶ Head office must be in Australia.
- ▶ Two-thirds of the Directors must be Australian citizens.
- ▶ Chairman must be an Australian citizen.
- ▶ British Airways cannot vote in any election of independent Non-Executive Directors.
- ▶ Quorum for a Directors' meeting must include a majority of non-BA Directors who are Australian citizens and at least one BA Director.
- ▶ Maximum 49 percent aggregate foreign ownership.
- ▶ Maximum 35 percent aggregate foreign airline ownership.
- ▶ Maximum 25 percent ownership by one foreign person.

BOARD MEETINGS

- ▶ 11 formal meetings a year.
- ▶ Two-day meeting held each year to review and approve the strategy and financial plan for the next financial year.

COMMITTEES

- ▶ Board does not delegate major decisions to Committees.
- ▶ Committees are responsible for considering detailed issues and making recommendations to the Board.

▶ Four Committees:

- Audit Committee
Four meetings a year – assists the Board in fulfilling its accounting and financial reporting responsibilities and monitors internal and external auditors.
 - Safety, Environment & Security Committee
Four meetings a year – receives detailed reports on all safety, environment and security aspects of the airline and ensures that the appropriate procedures are in place to protect the airline, its passengers and the community.
 - Chairman's Committee
Established in 2000 – reviews Board's performance, selection of new Directors, Chief Executive and executive remuneration and succession planning.
 - Nominations Committee
Approval of Chairman and any Alternate Directors.
- ▶ Membership of and attendance at 1999/2000 Board and Committee Meetings is detailed on page 30.

STANDARDS

- ▶ Annual formal review of Board performance.
- ▶ Active participation by all Directors at all meetings.
- ▶ Open access to information.
- ▶ Regular management presentations and visits to interstate and offshore operations.
- ▶ Independent professional advice is available to the Directors.
- ▶ Formal Code of Conduct – covering conflict of interest.
- ▶ Formal share trading policy.

Performance Summary

	2000 \$m	1999 \$m	Increase/ (Decrease) %
FINANCIAL RESULTS			
SALES AND OPERATING REVENUE			
Net passenger revenue	6,975.6	6,437.5	8.4
Net freight revenue	543.0	553.4	(1.9)
Tours and travel revenue	551.8	510.3	8.1
Other sources *	1,036.4	947.5	9.4
TOTAL SALES AND OPERATING REVENUE	9,106.8	8,448.7	7.8
EXPENDITURE			
Manpower and staff related	2,295.8	2,206.0	4.1
Selling and marketing	1,051.0	947.9	10.9
Aircraft operating – variable	1,732.7	1,679.4	3.2
Fuel and oil	863.2	761.6	13.3
Property	215.2	216.1	(0.4)
Computer and communication	352.4	346.1	1.8
Depreciation and amortisation	634.0	540.4	17.3
Non-cancellable operating lease rentals	127.9	107.8	18.6
Tours and travel cost of sales	482.8	439.0	10.0
Capacity hire, insurance and other	535.6	502.6	6.6
TOTAL EXPENDITURE	8,290.6	7,746.9	7.0
EARNINGS BEFORE INTEREST AND TAX			
Net interest expense	(111.2)	(100.1)	11.1
OPERATING PROFIT BEFORE TAX AND ABNORMALS			
Abnormal items	57.8	60.8	(4.9)
NET PROFIT BEFORE TAX			
Income tax expense	(244.9)	(241.6)	1.4
NET PROFIT AFTER TAX	517.9	420.9	23.0
BALANCE SHEET			
Total assets	12,007.1	11,226.6	7.0
Total liabilities	9,142.7	8,166.7	12.0
TOTAL SHAREHOLDERS' EQUITY	2,864.4	3,059.9	(6.4)
CASH FLOWS			
Net cash provided by operating activities	1,599.8	1,208.3	32.4
Net cash used in investing activities	(262.7)	(628.9)	(58.2)
Net cash used in financing activities	(1,542.0)	(396.4)	289.0
NET (DECREASE)/INCREASE IN CASH HELD	(204.9)	183.0	n/a
PERFORMANCE RATIOS			
Net debt to net debt plus equity (ratio)	24:76	20:80	n/a
Net debt to net debt plus equity including off balance sheet debt (ratio)	48:52	42:58	n/a
Net debt to net debt plus equity including off balance sheet debt and revenue hedge receivables (ratio)	44:56	39:61	n/a
Earnings per share (cents per share)	42.8	35.4	20.9
Return on shareholders' equity (percentage)	18.1	13.8	31.2
Return on shareholders' equity including the notional capitalisation of non-cancellable operating leases on a hedged basis (percentage)	18.3	14.6	25.3
Operating profit before tax and abnormals as a percentage of sales and operating revenue (percentage)	7.7	7.1	8.5
Earnings before interest and tax (EBIT) as a percentage of sales and operating revenue (percentage)	9.0	8.3	8.4

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

2000 CONCISE REPORT

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Information for shareholders is provided in this Annual Report and in a separate Financial Report.

This Report includes a Concise Financial Report which contains key financial information about Qantas in a concise format. The Financial Report provides more detailed financial information. The Concise Financial Report, whilst derived from the Financial Report, cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Qantas and its controlled entities as the Financial Report.

A copy of the Financial Report, including the Independent Audit Report, is available to all shareholders, free of charge, upon request. The Financial Report can be requested by telephone (toll free within Australia 1800 177 747, overseas 61 2 8234 5470).

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2000

The Directors of Qantas Airways Limited (Qantas) present their report together with the Concise Financial Report of the consolidated entity, being Qantas and its controlled entities (Qantas Group), for the financial year ended 30 June 2000 and the Audit Report thereon.

DIRECTORS

The Directors of Qantas at any time during or since the financial year are:

Margaret Jackson (appointed Chairman 1 August 2000)
Gary Pemberton, AC (former Chairman, retired 1 August 2000)
James Strong
Geoff Dixon (appointed 1 August 2000)
Gary Toomey #
Bob Ayling (resigned 10 April 2000)
Mike Codd, AC
John Ducker, AO (retired 31 August 2000)
Trevor Eastwood, AM
Jim Kennedy, AO, CBE
Trevor Kennedy, AM
Lord Marshall (appointed 1 July 2000) *
Roger Maynard
Derek Stevens (alternate for Lord Marshall) ^
Nick Tait.

Details of Directors, their experience and any special responsibilities are set out on pages 24 to 25.

* Lord Marshall is the Chairman of British Airways Plc. When it is not possible for him to attend Qantas Board Meetings, he is represented by an alternate, who is either Derek Stevens or Roger Maynard.

^ Derek Stevens was an alternate for Bob Ayling, former Chief Executive Officer of British Airways Plc, until 10 April 2000. From 10 April 2000 to 1 July 2000 he was a Director of Qantas in his own right. Since 1 July 2000 Derek Stevens has been an alternate for Lord Marshall.

PRINCIPAL ACTIVITIES

The principal activities of the Qantas Group during the course of the financial year were the operation of international and domestic air transportation services, the sale of worldwide and domestic holiday tours and associated support activities including information technology, catering, ground handling and engineering and maintenance. There were no significant changes in the nature of the activities of the Qantas Group during the financial year.

DIVIDENDS

The Directors declared a final dividend of \$581.3 million (final ordinary dividend 11 cents per share and special dividend 37 cents per share) for the year ended 30 June 2000 (1999: final ordinary dividend 11 cents per share and special dividend of 13.5 cents per share). The final dividend will be fully franked and follows a fully franked interim ordinary dividend of \$133.3 million (11 cents per share), which was paid during the financial year.

REVIEW OF OPERATIONS AND STATE OF AFFAIRS

A review of the Qantas Group's operations, including the results of those operations, and changes in the state of affairs of the Qantas Group during the financial year is contained on pages 6 to 19. In the opinion of the Directors, there were no other significant changes in the state of affairs of the Qantas Group that occurred during the financial year under review not otherwise disclosed in this Annual Report.

EVENTS SUBSEQUENT TO BALANCE DATE

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 that, in the opinion of the Directors, has significantly affected, or may 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.

LIKELY DEVELOPMENTS

The Review of Operations on pages 6 to 19 includes information on developments likely to affect the operations of the Qantas Group.

Further information about likely developments in the operations of the Qantas Group and the expected results of those operations in future financial years has not been included in this Directors' Report because disclosure of the information would be likely to result in unreasonable prejudice to the Qantas Group.

DIRECTORS' MEETINGS

The number of Directors' Meetings held (including Meetings of Committees of Directors) and number of Meetings attended by each of the Directors of Qantas during the financial year are as follows:

On 13 September 2000, subsequent to the signing of this Directors' Report, Gary Toomey resigned as a Director of Qantas and Peter Gregg was appointed as Chief Financial Officer and an Executive Director of Qantas.

DIRECTORS' REPORT CONTINUED

FOR THE YEAR ENDED 30 JUNE 2000

Directors	Qantas Board		Audit Committee		Safety, Environment & Security Committee		Nominations Committee	
	Attended	Held ¹	Attended	Held ¹	Attended	Held ¹	Attended	Held ¹
Margaret Jackson	12	12	4	4				
Gary Pemberton	12	12	4 ²	4				
James Strong	12	12	4 ²	4	5	5		
Gary Toomey	12	12	4 ²	4				
Bob Ayling	2 ³	9						
Mike Codd	11	12	4	4			1	1
John Ducker	11	12	4	4	5	5	1	1
Trevor Eastwood	9	12						
Jim Kennedy	10	12						
Trevor Kennedy	12	12						
Roger Maynard	10 ⁴	12	4	4				
Derek Stevens	0 ⁵	3						
Nick Tait	12	12			5	5	1	1

1. Reflects the number of Meetings held during the time that the Director held office during the financial year.

2. Attended in an ex-officio capacity.

3. When not present in person, represented by an alternate, being either Roger Maynard or Nick Tait during the 30 June 2000 financial year.

4. When not present in person, represented by an alternate, being Nick Tait during the 30 June 2000 financial year.

5. When not present in person for two of these Meetings, represented by an alternate, being Roger Maynard during the 30 June 2000 financial year.

DIRECTORS' INTERESTS AND BENEFITS

Particulars of Directors' interests in the share capital of Qantas at the date of this Report are as follows:

Directors' Ordinary Shares	2000 Number	1999 Number
Margaret Jackson	95,348	25,348
James Strong	119,404	109,196
Geoff Dixon	11,630	11,422
Gary Toomey	26,906	26,698
Mike Codd	8,000	8,000
Jim Kennedy	1,000	1,000
Trevor Kennedy	120,800	20,800

DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS

The Board of Directors determines the overall remuneration policy and packages applicable to Board members and senior executives of the Qantas Group. The broad remuneration policy is to ensure that each remuneration package properly reflects the duties and responsibilities of the relevant individual and that remuneration is competitive in attracting, motivating and retaining people of the highest calibre.

Directors' and executives' remuneration includes fees or salaries (as appropriate), superannuation contributions, performance bonuses, other benefits, and retirement and resignation payments.

Short-term incentives

Executive Directors and other executives participate in an annual performance-based reward scheme introduced for all

executives in the 1995/96 financial year. This scheme provides for cash performance bonuses to be paid where predetermined objectives are met. Performance objectives include the achievement of a predetermined level of annual profit and annual profit enhancement targets.

Long-term incentives

Executive Directors and certain senior executives participate in a Long-Term Incentive Plan introduced in the 1996/97 financial year, which provides for a bonus payable at the earlier of the expiry of the relevant senior executive's service contract or after five years, based on the financial performance of the Qantas Group. The incentives payable under this Plan are not included in remuneration until this time.

The annual level of incentive that notionally vests at the end of each financial year during the five year period of the Plan, is determined on a range of criteria including the Qantas Total Shareholder Return (TSR) ranking amongst the top 100 listed Australian companies and also against the TSRs of a predetermined basket of international airlines listed on overseas stock exchanges.

Entitlements over unissued ordinary shares in Qantas are also issued to Executive Directors and other senior executives under the Qantas Long-Term Executive Incentive Plan introduced in the current year (refer "Share Entitlements" below).

Non-Executive Directors do not receive any performance-related remuneration.

DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS (continued)

Details of the nature and amount of each major element of the emoluments of each Director of Qantas and each of the five named officers of Qantas and the Qantas Group receiving the highest emoluments are set out as follows:

Non-Executive Directors	Fees ¹ \$	Non-Cash Benefits ² \$	Superannuation Contributions \$	Total \$
Margaret Jackson	59,500	19,469	4,165	83,134
Gary Pemberton	250,000	7,197	7,067	264,264
Bob Ayling	36,890 ³	–	2,582	39,472
Mike Codd	53,600	20,465	3,752	77,817
John Ducker	65,500	111	4,585	70,196
Trevor Eastwood	47,600	16,560	3,332	67,492
Jim Kennedy	47,600	15,466	3,332	66,398
Trevor Kennedy	47,600	18,377	3,332	69,309
Roger Maynard	53,600 ³	–	3,752	57,352
Derek Stevens	10,710 ³	–	750	11,460
Nick Tait	53,600 ³	7,688	3,752	65,040

Executive Directors	Fixed Annual Remuneration ⁴ \$	Performance Bonus \$	Non-Cash Benefits ² \$	Total \$
James Strong	1,320,840	763,152	15,865	2,099,857
Gary Toomey	810,000	486,000	10,310	1,306,310

Executive Officers (excluding Directors)	Fixed Annual Remuneration ³ \$	Performance Bonus \$	Non-Cash Benefits ² \$	Total \$
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QANTAS AND QANTAS GROUP

Geoff Dixon ⁵	810,000	486,000	17,306	1,313,306
David Burden	501,000	250,500	90,747	842,247
Steve Mann	397,500	198,750	3,198	599,448
Paul Edwards	336,800	168,400	83,544	588,744
Sandra McPhee	314,500	157,250	88,676	560,426

1. Fees comprise both Directors' fees and Committee fees.

2. Non-cash benefits include car parking, and travel and accommodation discounts obtained from time to time by Directors and executives, some of which are through agreements entered into by the Qantas Group. Certain travel benefits are available on similar terms and conditions as those offered to other senior executives and employees of the Qantas Group. The amount of non-cash benefits disclosed above has been determined on a "cost to the company" basis.

3. Directors' fees for British Airways Directors of Qantas are paid directly to British Airways Plc.

4. Fixed annual remuneration includes base salary, motor vehicle allowance and salary sacrifice superannuation contributions.

5. Geoff Dixon was appointed a Director of Qantas on 1 August 2000.

In addition to the amounts noted above, \$1,000 of Qantas shares were issued under the Qantas Profitshare Scheme to eligible employees (which excludes Non-Executive Directors). This equated to 208 shares at the prevailing issue price. These amounts have been excluded from the above disclosure as they involved no cost to Qantas.

DIRECTORS' REPORT CONTINUED

FOR THE YEAR ENDED 30 JUNE 2000

SHARE ENTITLEMENTS

On 17 November 1999, Qantas awarded a total of 10,219,000 entitlements to be issued shares in Qantas to 146 senior 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 to 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. These hurdles are set by reference to the percentile performance of Qantas (based upon average relative total shareholder return) within a modified S&P ASX 200 Index and within an international airline "peer group".

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.

No entitlements have vested or expired (other than by way of eligible employees leaving Qantas) as yet under the Plan, nor have any shares been issued. Entitlements will be included in remuneration once they have vested.

Entitlements awarded under the Plan during the year include amounts granted to Executive Directors and the five most highly remunerated Executive Officers of Qantas and the Qantas Group as follows:

Executive Directors	Number of Entitlements^{1,2}	Exercise Price³ \$	Expiry Date	Value per Entitlement⁴ \$	Total Value Awarded \$
James Strong	1,110,000	4.99	17 November 2007	0.50	555,000
Gary Toomey	545,000	4.99	17 November 2007	0.50	272,500

Executive Officers (excluding Directors)	Number of Entitlements^{1,2}	Exercise Price³ \$	Expiry Date	Value per Entitlement⁴ \$	Total Value Awarded \$
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QANTAS AND QANTAS GROUP

Geoff Dixon	545,000	4.99	17 November 2007	0.50	272,500
David Burden	252,000	4.99	17 November 2007	0.50	126,000
Steve Mann	200,000	4.99	17 November 2007	0.50	100,000
Paul Edwards	88,000	4.99	17 November 2007	0.50	44,000
Sandra McPhee	88,000	4.99	17 November 2007	0.50	44,000

Total entitlements outstanding at 30 June 2000 under the Plan are as follows:

Expiry Date	Exercise Price³ \$	Number of Entitlements⁴ 2000	1999
17 November 2007	4.99	9,965,000⁵	—

1. All entitlements were granted during the financial year. No entitlements have been granted since the end of the financial year.
2. These entitlements do not allow the holder to participate in any share issue of Qantas or the Qantas Group.
3. The market price of Qantas shares at 30 June 2000 was \$3.38.
4. The estimated value per entitlement disclosed above is calculated at 30 June 2000 using a Black-Scholes model.
5. 254,000 entitlements lapsed during the year due to the resignation or retirement of the entitlement holder.

ENVIRONMENTAL REGULATIONS

The Qantas Group's operations are subject to a range of Commonwealth, State, Territory and international environmental legislation. The Qantas Group is committed to a high standard of environmental performance and the Board places particular focus on the environmental aspects of its operations through the Safety, Environment & Security Committee, which is responsible for monitoring compliance with these regulations and reporting to the Board.

The Directors are satisfied that adequate systems are in place for the management of the Qantas Group's environmental exposures and environmental performance. The Directors are also satisfied that all relevant licences and permits are held and that appropriate monitoring procedures are in place to ensure that those licences and permits are complied with. Any significant environmental incidents are reported to the Board.

The Directors are not aware of any breaches of any environmental legislation or of any significant environmental incidents during the financial year which are material in nature.

DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The Qantas Group's activities expose it to changes in interest rates, foreign exchange rates and fuel prices. It is also exposed to credit risks from its operations. The Qantas Group manages these risk exposures using various financial instruments, based upon a set of policies approved by the Board. Compliance with these policies is strictly monitored by management and reported to the Board.

It is the Qantas Group's policy not to enter, issue or hold derivative financial instruments solely for speculative trading purposes.

INDEMNITIES AND INSURANCE

Under Clause 12.1 of the Qantas Constitution, Qantas is required to indemnify, to the extent permitted by law, each officer of Qantas (subject to certain qualifications) against:

- liability to third parties (other than related Qantas Group companies) arising out of conduct undertaken in his or her capacity as a Qantas officer, unless the liability arises out of conduct involving a lack of good faith; and
- the costs and expenses of successfully defending legal proceedings arising out of conduct undertaken in his or her capacity as a Qantas officer.

The Directors listed on page 29 and the secretaries of Qantas, being Brett Johnson, Garie Hillier and Steve Heesh, have the benefit of the indemnity in Clauses 12.1 to 12.4 of the Qantas Constitution, which also applies to all executive officers of Qantas. Qantas has insured against amounts which it may be liable to pay on behalf of officers pursuant to Clauses 12.1 to 12.4 of the Qantas Constitution or which it otherwise agrees to pay by way of indemnity.

During the financial year, Qantas paid a premium for Directors' and Officers' liability insurance policies, which cover all Directors and officers of the Qantas Group.

Details of the nature of the liabilities covered, and the amount of the premium paid in respect of the Directors' and Officers' insurance policies are not disclosed, as such disclosure is prohibited under the terms of the contracts.

ROUNDING

Qantas is a company of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the Concise Financial Report, Financial Report and Directors' Report have been rounded off to the nearest one hundred thousand dollars unless otherwise indicated.

Signed pursuant to a Resolution of the Directors:



JAMES STRONG

Chief Executive and Managing Director
7 September 2000

PROFIT AND LOSS STATEMENT

FOR THE YEAR ENDED 30 JUNE 2000

		QANTAS GROUP	
	Notes	2000 \$m	1999 \$m
SALES AND OPERATING REVENUE			
Net passenger revenue		6,975.6	6,437.5
Net freight revenue		543.0	553.4
Tours and travel revenue		551.8	510.3
Other sources *		1,036.4	947.5
TOTAL SALES AND OPERATING REVENUE	2	9,106.8	8,448.7
EXPENDITURE			
Manpower and staff related		2,295.8	2,206.0
Selling and marketing		1,051.0	947.9
Aircraft operating – variable		1,732.7	1,679.4
Fuel and oil		863.2	761.6
Property		215.2	216.1
Computer and communication		352.4	346.1
Depreciation and amortisation		634.0	540.4
Non-cancellable operating lease rentals		127.9	107.8
Tours and travel cost of sales		482.8	439.0
Capacity hire, insurance and other		535.6	502.6
TOTAL EXPENDITURE		8,290.6	7,746.9
EARNINGS BEFORE INTEREST AND TAX (EBIT)			
Net interest expense		(111.2)	(100.1)
OPERATING PROFIT BEFORE TAX AND ABNORMALS			
Abnormal items	3	57.8	60.8
NET PROFIT BEFORE TAX			
Income tax expense		(244.9)	(241.6)
NET PROFIT AFTER TAX			
Outside equity interests in net (profit)/loss		(0.6)	0.7
NET PROFIT AFTER TAX ATTRIBUTABLE TO MEMBERS OF THE COMPANY			
Retained profits at the beginning of the financial year		1,124.1	1,094.1
TOTAL AVAILABLE FOR APPROPRIATION			
Dividends provided for or paid	4	(714.6)	(391.6)
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR		926.8	1,124.1

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

The Profit and Loss Statement should be read in conjunction with the Discussion and Analysis on page 35 and the Notes to the Financial Statements on pages 40 to 44.

DISCUSSION AND ANALYSIS OF THE PROFIT AND LOSS STATEMENT

FOR THE YEAR ENDED 30 JUNE 2000

	Unit	2000	1999	Percentage Increase %
GROUP OPERATIONAL STATISTICS *				
Passengers carried	000	20,485	19,236	6.5
Available seat kilometres (ASKs)	m	85,033	81,765	4.0
Revenue passenger kilometres (RPKs)	m	64,149	59,863	7.2
Revenue seat factor	%	75.4	73.2	2.2 points
Yield (passenger revenue per RPK)	cents	10.87	10.75	1.1
Average full-time equivalent employees	#	29,217	28,226	3.5
Aircraft in service at balance date	#	147	135	12 units

* A glossary of terms is included on page 47.

REVIEW OF FINANCIAL PERFORMANCE

- Operating profit before tax and abnormals of \$705.0 million was up 17.2 percent on the prior year.
- Abnormal gain before income tax of \$57.8 million represented a profit on part sale of the investment in EQUANT NV.
- The income tax expense for the year included an abnormal credit of \$45.0 million which related to the restatement of deferred tax balances due to changes in the company tax rate.
- Net profit after tax of \$517.9 million was up 23.0 percent on last year.
- The fully franked final ordinary dividend of 11 cents per share brings fully franked ordinary dividends for the year to 22 cents per share, 3 cents higher than last year.
- The fully franked special dividend of 37 cents per share is 23.5 cents higher than last year.
- Earnings per share increased by 20.9 percent to 42.8 cents.
- Return on shareholders' equity improved by 4.3 percentage points to 18.1 percent whilst return on total gross assets improved by 1.2 percentage points to 15.4 percent.

REVIEW OF SALES AND OPERATING REVENUE

- Sales and operating revenue increased by 7.8 percent to \$9,106.8 million due to:
 - an increase in net passenger revenue of 8.4 percent to \$6,975.6 million due to higher capacity (ASKs), higher seat factors and higher yield; and
 - an increase in other revenue of 9.4 percent to \$1,036.4 million, due to the expansion of loyalty programs, co-branded credit cards and increased third party contract work.

REVIEW OF EXPENDITURE

- Total expenditure increased by 7.0 percent on a capacity increase of 4.0 percent and a revenue increase of 7.8 percent. Significant movements include:
 - increases in selling and marketing expenditure of 10.9 percent, caused by higher sales commissions in line with higher revenue and increased advertising expenditure;
 - increases in fuel and oil expenditure of 13.3 percent as a direct result of fuel prices increasing by 44 percent during the year, partially offset by fuel hedging benefits totalling \$275.4 million; and
 - increased depreciation and amortisation of 17.3 percent reflecting capital expenditure on aircraft acquisitions and other product and service improvements over the last two years.

REVIEW OF OTHER PROFIT AND LOSS ITEMS

- Net interest expense increased by 11.1 percent due to higher net debt.
- Income tax expense, excluding abnormal items, increased by 22.5 percent in line with increased profitability. The effective tax rate was 38.2 percent.

IMPACT OF EXCHANGE RATES ON THE PROFIT AND LOSS STATEMENT

The Qantas Group is exposed to foreign exchange rate fluctuations on the Australian dollar value of foreign currency denominated revenue and expenditure. The Qantas Group earns revenue in approximately 80 different countries, reflecting its route structure and the location of ticket sales. The Qantas Group's foreign currency costs are primarily denominated in United States dollars and relate largely to fuel and engineering and maintenance materials.

The Qantas Group manages its foreign currency exposures by using a variety of long-term and short-term financial instruments, in accordance with its risk management policies. The overall economic impact of exchange rate movements on the profit result in comparison to last year was \$16.1 million adverse.

BALANCE SHEET

AS AT 30 JUNE 2000

		QANTAS GROUP	
		2000	1999
		\$m	\$m
	Notes		
CURRENT ASSETS			
Cash		118.2	43.0
Receivables		1,742.5	1,855.3
Net receivables under hedge/swap contracts		200.9	157.5
Inventories		267.9	240.3
Other		108.3	88.1
TOTAL CURRENT ASSETS		2,437.8	2,384.2
NON-CURRENT ASSETS			
Receivables		603.0	590.8
Net receivables under hedge/swap contracts		1,758.4	1,478.9
Investments		43.0	35.2
Property, plant and equipment		7,108.7	6,653.0
Intangibles		25.0	26.7
Other		31.2	57.8
TOTAL NON-CURRENT ASSETS		9,569.3	8,842.4
TOTAL ASSETS		12,007.1	11,226.6
CURRENT LIABILITIES			
Accounts payable		1,869.2	1,521.2
Borrowings		582.4	496.6
Net payables under hedge/swap contracts		233.5	190.2
Provisions		1,046.6	820.0
Revenue received in advance		1,181.0	1,012.5
Deferred lease benefits/income		41.6	38.9
TOTAL CURRENT LIABILITIES		4,954.3	4,079.4
NON-CURRENT LIABILITIES			
Borrowings		2,530.8	2,577.7
Net payables under hedge/swap contracts		419.5	312.9
Provisions		747.0	752.8
Deferred lease benefits/income		439.0	410.9
Other		52.1	33.0
TOTAL NON-CURRENT LIABILITIES		4,188.4	4,087.3
TOTAL LIABILITIES		9,142.7	8,166.7
NET ASSETS		2,864.4	3,059.9
SHAREHOLDERS' EQUITY			
Share capital	6	1,882.0	1,882.0
Reserves		54.0	52.8
Retained profits		926.8	1,124.1
Shareholders' equity attributable to members of the Company		2,862.8	3,058.9
Outside equity interests in controlled entities		1.6	1.0
TOTAL SHAREHOLDERS' EQUITY		2,864.4	3,059.9

The Balance Sheet should be read in conjunction with the Discussion and Analysis on page 37 and the Notes to the Financial Statements on pages 40 to 44.

DISCUSSION AND ANALYSIS OF THE BALANCE SHEET

AS AT 30 JUNE 2000

The net assets of the Qantas Group decreased by 6.4 percent to \$2,864.4 million during the past financial year.

Major items are discussed below.

REVIEW OF ASSETS

- Current receivables reduced by 6.1 percent, largely as a result of the prior year including US\$350 million of proceeds from the issue of unsecured notes. Trade debtors increased in line with increased revenue.
- Net receivables/payables under hedge/swap contracts increased by 15.3 percent to \$1,306.3 million primarily due to the movement in foreign exchange rates. Net receivables/payables under hedge/swap contracts represents:
 - cross-currency swaps used to hedge long-term foreign currency borrowings;
 - deferred gains/losses on forward foreign exchange contracts used to hedge capital expenditure; and
 - net deferred losses associated with hedges of foreign currency revenue relating to future transportation services designated to service long-term debt.
- Inventory levels increased by 11.5 percent due to higher expenditure on engineering expendables and consumable stores supporting the growth in fleet numbers.
- Property, plant and equipment increased by 6.8 percent, reflecting capital expenditure on aircraft acquisitions and refinancings, aircraft reconfigurations and terminal and lounge improvements.

REVIEW OF LIABILITIES

- Accounts payable and total borrowings increased by 8.4 percent due to increased activity and commercial paper issues offset by debt repayments made during the year.
- Provisions increased by 14.0 percent as a result of higher dividends, higher tax payable due to increased profitability and increases in employee entitlement provisions, reflecting wage increases.

- Revenue received in advance reflects passenger and freight forward sales which are taken to revenue when the tickets are utilised or the freight uplifted. This balance increased by 16.6 percent due to a higher level of forward sales compared to last year, in part due to higher activity.

REVIEW OF SHAREHOLDERS' EQUITY

- A total of 5.7 million new shares were issued during the year under the Qantas Profitshare Scheme.

GEARING

Qantas Group gearing (including the notional capitalisation of non-cancellable leases) on a hedged basis at 30 June 2000 was 44:56 compared to 40:60 at 31 December 1999 and 39:61 at 30 June 1999. The increase in gearing is primarily due to the special dividend and the inclusion of all aircraft leases.

The Qantas Dividend Reinvestment Plan is to be reinstated prior to the payment of the special dividend in December 2000. This reinstatement is to assist in providing equity to fund future capital expenditure while maintaining gearing at an acceptable level.

Gearing is determined by dividing the book value of the Qantas Group's net debt (short and long-term debt plus the present value of non-cancellable operating leases less related hedge receivables and cash and cash equivalents) by the same amount plus the book value of total shareholders' equity.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2000

	QANTAS GROUP	
	2000 \$m	1999 \$m
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	9,066.6	8,693.5
Payments to suppliers and employees	(7,135.8)	(7,129.4)
Interest received	90.5	80.4
Interest paid	(175.5)	(168.9)
Dividends received	26.9	17.9
Income taxes paid	(272.9)	(285.2)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,599.8	1,208.3
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(1,141.8)	(1,233.3)
Payments for aircraft security deposits	(10.6)	(11.4)
Total payments for purchases of property, plant, equipment and aircraft security deposits	(1,152.4)	(1,244.7)
Proceeds from sale of property, plant and equipment	10.3	88.5
Proceeds from sale and leaseback of property, plant and equipment	819.0	467.0
Proceeds from sale of investments	60.4	60.9
Payments for investments, net of cash acquired	-	(0.6)
NET CASH USED IN INVESTING ACTIVITIES	(262.7)	(628.9)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings/swaps	(798.9)	(345.7)
Debt prepayments on sale and leaseback of property, plant and equipment	(819.0)	(467.0)
Total debt repayments	(1,617.9)	(812.7)
Proceeds from borrowings	505.9	526.0
Dividends paid	(430.0)	(109.7)
NET CASH USED IN FINANCING ACTIVITIES	(1,542.0)	(396.4)
RECONCILIATION OF CASH PROVIDED BY/(USED IN):		
Operating activities	1,599.8	1,208.3
Investing activities	(262.7)	(628.9)
Financing activities	(1,542.0)	(396.4)
Net (decrease)/increase in cash held	(204.9)	183.0
Cash at the beginning of the financial year	893.7	710.7
CASH AT THE END OF THE FINANCIAL YEAR	688.8	893.7

The Statement of Cash Flows is to be read in conjunction with the Discussion and Analysis on page 39 and the Notes to the Financial Statements on pages 40 to 44.

DISCUSSION AND ANALYSIS OF THE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2000

For the purposes of the Statement of Cash Flows, cash includes cash at bank and on hand, bank overdrafts, cash at call, short-term money market securities and term deposits.

REVIEW OF CASH FLOWS FROM OPERATING ACTIVITIES

- Cash flows provided by operating activities were \$1,599.8 million, an increase of 32.4 percent versus the prior year, primarily due to increases in receipts from customers due to higher activity, revenue and profit.
- Net interest payments, income tax payments and payments to suppliers were at a level comparable with the prior year.

REVIEW OF CASH FLOWS FROM INVESTING ACTIVITIES

- Cash flows used in investing activities decreased by 58.2 percent, or \$366.2 million. This decrease is largely due to:
 - an increase in proceeds from aircraft sale and leaseback transactions of \$352.0 million which were used to prepay the associated hire-purchase liability; partially offset by
 - a decrease of \$78.7 million in proceeds from sale of aircraft and other assets.
- Capital expenditure payments of \$1,141.8 million were in line with the prior year and related to aircraft acquisitions and refinancings, aircraft reconfigurations and terminal and lounge improvements.
- Proceeds of \$60.4 million were generated from the sale of investments, primarily being the sale of part of the investment in EQUANT NV during the year.

REVIEW OF CASH FLOWS FROM FINANCING ACTIVITIES

- Cash flows used in financing activities increased by \$1,145.6 million largely as a result of:
 - higher repayments of borrowings and swaps by \$453.2 million as debt matures and the repayment of commercial paper drawn down during the year;
 - increases in debt prepayments of \$352.0 million relating to aircraft sale and leaseback transactions; and
 - an increase in dividends paid of \$320.3 million, primarily due to the payment of the 1999 special dividend of 13.5 cents per share during the year.
- Proceeds from borrowings during the year relate to the issue of commercial paper.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2000

1. BASIS OF PREPARATION OF THE CONCISE FINANCIAL REPORT

The Concise Financial Report has been prepared in accordance with the Corporations Law, Accounting Standard AASB 1039 Concise Financial Reports and applicable Urgent Issues Group Consensus Views. The Concise Financial Statements and specific disclosures required by AASB 1039 have been derived from the Qantas Group's Financial Report for the financial year. Other information included in the Concise Financial Report is consistent with the Qantas Group's full Financial Report. The Concise Financial Report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the Qantas Group as the Financial Report.

This Report has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or current valuations of non-current assets.

These accounting policies have been consistently applied by each entity in the Qantas Group and, except where there is a change in accounting policy, are consistent with those of the prior year.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

A full description of the accounting policies adopted by the Qantas Group may be found in the Qantas Group Financial Report for the financial year.

	QANTAS GROUP	
	2000	1999
	\$m	\$m
2. REVENUE		
Sales revenue	9,072.1	8,430.8
Dividend revenue	34.7	17.9
TOTAL SALES AND OPERATING REVENUE	9,106.8	8,448.7
Interest revenue	88.5	73.6
Proceeds from sale of property, plant and equipment	10.3	88.5
Proceeds from sale of investments	2.4	–
Proceeds from sale of investment (abnormal item)	58.0	60.9
Proceeds from sale and leaseback transactions	819.0	467.0
TOTAL REVENUE	10,085.0	9,138.7
3. ABNORMAL ITEMS		
The following abnormal items have been credited to net profit after tax during the current financial year:		
Profit on sale of investment in EQUANT NV	57.8	60.8
Income tax effect	(20.8)	(21.9)
	37.0	38.9
Tax credit arising from the restatement of deferred tax balances due to the change in the company tax rate	45.0	–
TOTAL ABNORMAL ITEMS AFTER INCOME TAX	82.0	38.9

4. DIVIDENDS

Dividends proposed or paid by Qantas are:

Type	Cents per Share	Total Amount \$m	Date of Payment	Franked Tax Rate %	Percentage Franked %
2000 Interim ordinary	11.0	133.3	29 March 2000	36	100
2000 Final ordinary	11.0	133.3	4 October 2000	34	100
2000 Special	37.0	448.0	13 December 2000	34	100
	59.0	714.6			
1999 Interim ordinary	8.0	95.0	31 March 1999	36	100
1999 Final ordinary	11.0	133.2	1 December 1999	36	100
1999 Special	13.5	163.4	1 December 1999	36	100
	32.5	391.6			

QANTAS GROUP

	2000 \$m	1999 \$m
Gross amount of retained profits and reserves which could be distributed as franked dividends out of existing franking credits or out of franking credits arising from the payment of income tax in the forthcoming year – franked at 36 percent	110.6	438.4
Restatement of franking account balance to 34 percent *	63.6	n/a
TOTAL FRANKING ACCOUNT BALANCE AT 34 PERCENT	174.2	n/a

* Represents the restatement of the franking account balance at 30 June 2000, being \$690.3 million.

The above amount represents the balance of the franking accounts as at 30 June 2000, after taking into account adjustments for:

- (a) franking credits that will arise from the payment of income tax payable for the current financial year;
- (b) franking debits that will arise from the payment of the final dividends for the current financial year; and
- (c) franking credits that may be prevented from being distributed in subsequent years.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2000

5. SEGMENT INFORMATION

INDUSTRY SEGMENTS

The Qantas Group operates predominantly in one industry segment, being the transportation of passengers and freight on services within and to or from Australia.

GEOGRAPHICAL SEGMENTS

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

	QANTAS GROUP	
	2000 \$m	1999 \$m
ANALYSIS OF TOTAL REVENUE BY GEOGRAPHIC REGION		
Passenger, freight and services revenue		
Australia	4,618.7	4,221.8
United Kingdom and Europe	855.8	816.1
Japan	631.0	561.2
South East Asia/North East Asia	646.0	649.6
Americas and the Pacific	783.5	688.5
Other regions	308.7	351.8
	7,843.7	7,289.0
Other operating revenue		
Tours and travel revenue	551.8	510.3
Miscellaneous revenue	711.3	649.4
	9,106.8	8,448.7
TOTAL SALES AND OPERATING REVENUE		
Other revenue		
Interest revenue	88.5	73.6
Proceeds from sale of property, plant and equipment	10.3	88.5
Proceeds from sale of investments	2.4	–
Proceeds from sale of investment (abnormal item)	58.0	60.9
Proceeds from sale and leaseback transactions	819.0	467.0
	978.2	690.0
TOTAL OTHER REVENUE		
TOTAL REVENUE	10,085.0	9,138.7

SEGMENTAL ANALYSIS OF NET ASSETS AND PROFIT CONTRIBUTION

For the financial year ended 30 June 2000, the principal assets of the Qantas Group comprised the aircraft fleet, all, except two, of which were registered and domiciled in Australia. These assets are used flexibly across the Qantas Group's worldwide route network. Accordingly, there is no suitable basis for 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 Qantas Group's operating expenditure on that basis.

Disclosure is made of a more appropriate measure of profit contributions in accordance with the Qantas Group's internal reporting system, being the earnings before interest and tax (EBIT) contributed by the international and domestic airline operations and subsidiary operations.

QANTAS GROUP

	2000 \$m	1999 \$m
5. SEGMENT INFORMATION (continued)		
Earnings before interest and tax		
International airline operations	374.8	308.3
Domestic airline operations	272.0	256.8
	646.8	565.1
Subsidiary operations		
Qantas Holidays Group	28.1	12.9
Regional Airlines Group	67.2	51.5
Qantas Flight Catering Group	39.4	32.3
Other subsidiaries	34.7	40.0
TOTAL SUBSIDIARY OPERATIONS	169.4	136.7
EARNINGS BEFORE INTEREST AND TAX (EBIT)	816.2	701.8

Intersegment pricing is determined on an arm's length commercial basis.

6. SHARE CAPITAL

Issued and paid up capital		
1,211,059,282 (1999: 1,205,392,530) ordinary shares, fully paid	1,882.0	1,882.0

DIVIDEND REINVESTMENT PLAN

The Qantas Dividend Reinvestment Plan is to be reinstated so that it applies for the special dividend of 37 cents per share to be paid on 13 December 2000, and for the payment of dividends declared in the future.

7. CONTINGENT LIABILITIES

RELATED PARTIES

Guarantees to support borrowings and finance lease commitments to other parties on behalf of controlled entities	-	7.1
Guarantees and letters of comfort to support operating lease commitments and other arrangements entered into with other parties by controlled entities	136.5	164.7
Guarantees and letters of comfort to support leveraged and operating lease commitments to other parties on behalf of associated companies	3.0	3.9
	139.5	175.7

OTHER PARTIES

General guarantees in the normal course of business	118.5	108.6
Contingent liabilities relating to current and threatened litigation	33.7	10.0
	152.2	118.6
	291.7	294.3

TERMINAL FUEL FACILITIES

The Qantas Group, together with other airlines, has entered into various agreements in order to facilitate the funding and installation of jet turbine fuel hydrant systems and terminal equipment facilities at Los Angeles and Hawaii airports. The airlines have jointly and severally agreed to repay any unpaid balance (including interest) of the loans totalling \$244.1 million (1999: \$261.8 million) in the event the agreements are terminated prior to expiry of the loans.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2000

7. CONTINGENT LIABILITIES (continued)

AIRCRAFT FINANCING

As part of the financing arrangements for the acquisition of aircraft, the Qantas Group has provided certain guarantees and indemnities to various lenders and equity participants in leveraged lease transactions. Only in exceptional circumstances, including the insolvency of major international banks, will the Qantas Group be required to make any payments under these guarantees. The Qantas Group has guaranteed that the lessors will receive all of the funds due to them under the lease arrangements.

Qantas and certain controlled entities have entered into asset value underwriting arrangements with lenders under certain aircraft secured financings. These arrangements protect the value of the aircraft security to the lenders to a predetermined level. This is reflected by the balance of aircraft security deposits held with certain financial institutions and included in current and non-current receivables totalling \$562.6 million (1999: \$531.1 million).

The Qantas Group has provided standard tax indemnities to the equity investors in certain leveraged leases. The indemnities effectively guarantee the after tax rate of return of the investors and the Qantas Group may be subject to additional financing costs on future lease payments if certain assumptions made at the time of entering the transactions, including assumptions as to the rate of income tax, subsequently become invalid.

UNREALISED LOSSES – BACK TO BACK HEDGES

Where long-term foreign currency borrowings have been denominated in surplus net revenue currencies, offsetting forward foreign exchange contracts have been used to match the cash flows arising under the borrowings with the expected revenue surpluses used to hedge the borrowings. To the extent a gain or loss is incurred, this is deferred until the net revenue is realised. As at 30 June 2000, total unrealised exchange losses on hedges of net revenue designated to service long-term debt were \$374.7 million compared to \$272.2 million as at 30 June 1999.

	QANTAS GROUP	
	2000 cents	1999 cents
8. EARNINGS PER SHARE		
Earnings per share based on net profit after tax attributable to members of the Company	42.8	35.4

There is no material difference between basic and diluted earnings per share for the above years. The calculation of earnings per share is based upon the weighted average number of shares outstanding during the year.

	Number m	Number m
Weighted average number of ordinary shares used in the calculation of earnings per share	1,209.3	1,189.7

9. EVENTS SUBSEQUENT TO BALANCE DATE

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 that, in the opinion of the Directors, has significantly affected, or may 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.

DIRECTORS' DECLARATION

In the opinion of the Directors of Qantas Airways Limited, the accompanying Concise Financial Report of the consolidated entity, comprising Qantas Airways Limited and its controlled entities for the financial year ended 30 June 2000, set out on pages 34 to 44:

- (a) has been derived from the Financial Report for the financial year; and
- (b) complies with Accounting Standard AASB 1039 Concise Financial Reports.

Signed pursuant to a Resolution of the Directors:



JAMES STRONG
Chief Executive and Managing Director
7 September 2000

INDEPENDENT AUDIT REPORT ON THE CONCISE FINANCIAL REPORT

TO THE MEMBERS OF QANTAS AIRWAYS LIMITED

SCOPE

We have audited the Concise Financial Report of Qantas Airways Limited and its controlled entities for the financial year ended 30 June 2000, consisting of the Profit and Loss Statement, Balance Sheet, Statement of Cash Flows, accompanying notes, and the accompanying discussion and analysis on the Profit and Loss Statement, Balance Sheet, and Statement of Cash Flows, (set out on pages 34 to 44) in order to express an opinion on it to the members of the Company. The Company's Directors are responsible for the Concise Financial Report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the Concise Financial Report is free of material misstatement. We have also performed an independent audit of the full Financial Report of Qantas Airways Limited and its controlled entities for the financial year ended 30 June 2000. Our audit report on the Financial Report was signed on 7 September 2000 and was not subject to any qualification.

Our procedures in respect of the audit of the Concise Financial Report included testing that the information in the Concise Financial Report is consistent with the Financial Report and examination, on a test basis, of evidence supporting the amounts, Discussion and Analysis, and other disclosures which were not directly derived from the full Financial Report. These procedures have been undertaken to form an opinion whether, in all material respects, the Concise Financial Report is presented fairly in accordance with

Accounting Standard AASB 1039 Concise Financial Reports issued in Australia.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion, the Concise Financial Report of Qantas Airways Limited and its controlled entities for the financial year ended 30 June 2000 complies with Accounting Standard AASB 1039 Concise Financial Reports.



KPMG



DOUG JUKES
Partner
Sydney, 7 September 2000

FIVE YEAR SUMMARY

QANTAS GROUP FOR THE YEAR ENDED 30 JUNE 2000

	Unit	2000	1999	1998	1997	1996
PROFIT AND LOSS STATEMENT						
SALES AND OPERATING REVENUE *	\$m	9,106.8	8,448.7	8,131.5	7,834.4	7,600.4
Expenditure	\$m	(8,290.6)	(7,746.9)	(7,549.8)	(7,317.2)	(7,096.0)
EARNINGS BEFORE INTEREST AND TAX						
Net interest expense	\$m	(111.2)	(100.1)	(103.7)	(96.3)	(103.0)
OPERATING PROFIT BEFORE TAX AND ABNORMALS						
Abnormal items	\$m	57.8	60.8	–	(17.2)	–
NET PROFIT BEFORE TAX						
Income tax expense	\$m	(244.9)	(241.6)	(173.0)	(151.0)	(154.7)
NET PROFIT AFTER TAX						
Outside equity interests in net (profit)/loss	\$m	(0.6)	0.7	(0.2)	–	(0.5)
NET PROFIT FOR THE YEAR						
Net profit for the six months to 31 December	\$m	337.8	222.9	165.8	151.6	148.1
Net profit for the six months to 30 June	\$m	179.5	198.7	139.0	101.1	98.1
SHARE INFORMATION						
Earnings per share	cents	42.8	35.4	26.8	23.6	24.2
Dividends per share	cents	59.0	32.5	13.5	13.0	13.0
Dividend payout ratio	%	137.9	91.8	50.4	55.1	53.7
Share price – high	\$	5.28	5.00	3.21	3.15	2.47
Share price – low	\$	3.12	2.27	2.13	1.79	2.03
Share price – closing	\$	3.38	4.99	2.43	3.10	2.15
Weighted average number of ordinary shares	m	1,209.3	1,189.7	1,138.6	1,069.6	1,017.9
Net tangible asset backing per share	\$	2.34	2.52	2.49	2.38	2.35
EARNINGS BEFORE INTEREST AND TAX						
International airline operations	\$m	374.8	308.3	271.9	274.7	267.8
Domestic airline operations	\$m	272.0	256.8	213.4	168.3	163.6
Subsidiary operations	\$m	169.4	136.7	96.4	74.2	73.0
EARNINGS BEFORE INTEREST AND TAX						
	\$m	816.2	701.8	581.7	517.2	504.4
PROFIT AND LOSS PERFORMANCE INDICATORS						
Interest cover	times	7.3	7.0	5.6	5.4	4.9
Return on shareholders' equity (excl operating leases)	%	18.1	13.8	10.3	9.5	10.1
Return on shareholders' equity (incl operating leases)	%	18.3	14.6	10.8	10.8	13.5
STATEMENT OF CASH FLOWS						
Net cash provided by operating activities	\$m	1,599.8	1,208.3	1,218.4	1,110.8	936.4
Net cash used in investing activities	\$m	(262.7)	(628.9)	(668.0)	(71.1)	(152.4)
Net cash used in financing activities	\$m	(1,542.0)	(396.4)	(592.3)	(744.3)	(721.0)
NET (DECREASE)/INCREASE IN CASH HELD						
Capital expenditure	\$m	(1,141.8)	(1,233.3)	(673.0)	(610.6)	(503.5)
BALANCE SHEET						
Total assets	\$m	12,007.1	11,226.6	10,358.8	9,852.1	9,221.6
Total liabilities	\$m	9,142.7	8,166.7	7,396.4	7,181.1	6,785.0
NET ASSETS						
	\$m	2,864.4	3,059.9	2,962.4	2,671.0	2,436.6
Share capital	\$m	1,882.0	1,882.0	1,177.3	1,111.7	1,035.5
Reserves	\$m	54.0	52.8	689.0	609.9	574.4
Retained profits	\$m	926.8	1,124.1	1,094.1	947.4	824.9
Outside equity interests in controlled entities	\$m	1.6	1.0	2.0	2.0	1.8
TOTAL SHAREHOLDERS' EQUITY						
	\$m	2,864.4	3,059.9	2,962.4	2,671.0	2,436.6
BALANCE SHEET STATISTICS						
Net debt on balance sheet	\$m	925.8	782.8	737.4	1,049.1	1,605.7
Net debt including off balance sheet debt	\$m	2,503.6	2,134.7	2,226.8	2,680.7	3,558.1
Net debt including off balance sheet debt and revenue hedge receivables	\$m	2,128.9	1,862.5	1,856.8	2,461.3	3,435.7
Net debt to net debt plus equity	ratio	24:76	20:80	20:80	28:72	40:60
Net debt to net debt plus equity including off balance sheet debt	ratio	48:52	42:58	44:56	51:49	62:38
Net debt to net debt plus equity including off balance sheet debt and revenue hedge receivables	ratio	44:56	39:61	40:60	49:51	61:39

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

	Unit	2000	1999	1998	1997	1996
OPERATIONAL STATISTICS						
INTERNATIONAL – SCHEDULED SERVICES						
TRAFFIC AND CAPACITY						
Passengers carried	000	6,953	6,581	6,623	6,698	6,165
Revenue passenger kilometres (RPKs)	m	48,236	45,178	44,511	45,266	41,432
Available seat kilometres (ASKs)	m	64,879	62,679	63,034	63,169	58,862
Revenue seat factor	%	74.3	72.1	70.6	71.7	70.4
Revenue freight tonne kilometres (RFTKs)	m	1,718	1,783	1,829	1,759	1,685
Available freight tonne kilometres (AFTKs)	m	2,398	2,565	3,085	2,872	2,664
DOMESTIC – SCHEDULED SERVICES						
TRAFFIC AND CAPACITY						
Passengers carried	000	10,646	10,111	9,738	9,622	9,386
Revenue passenger kilometres	m	13,959	12,956	12,415	12,385	11,926
Available seat kilometres	m	17,369	16,554	15,952	15,882	15,143
Revenue seat factor	%	80.4	78.3	77.8	78.0	78.8
CORE AIRLINE PERFORMANCE STATISTICS						
TRAFFIC AND CAPACITY						
Passengers carried	000	17,599	16,692	16,361	16,320	15,551
Revenue passenger kilometres	m	62,195	58,134	56,926	57,651	53,358
Available seat kilometres	m	82,248	79,233	78,986	79,051	74,005
Revenue seat factor	%	75.6	73.4	72.1	72.9	72.1
Average passenger journey length	km	3,534	3,483	3,479	3,533	3,431
Available tonne kilometres (ATKs)	m	11,117	10,928	11,151	10,887	10,246
FINANCIAL						
Passenger yield (per RPK)	cents	10.42	10.34	10.16	9.82	10.53
PRODUCTIVITY						
Average full-time employee strength	#	24,304	23,411	23,749	24,620	24,429
RPKs per employee	000	2,559	2,483	2,397	2,342	2,184
ASKs per employee	000	3,384	3,384	3,326	3,211	3,029
Aircraft utilisation (average per day)	hrs	11.6	11.6	11.7	12.1	11.8
QANTAS GROUP PERFORMANCE STATISTICS						
TRAFFIC AND CAPACITY						
Passengers carried	000	20,485	19,236	18,865	18,606	17,486
Revenue passenger kilometres	m	64,149	59,863	58,619	59,199	54,627
Available seat kilometres	m	85,033	81,765	81,537	81,440	75,930
Revenue seat factor	%	75.4	73.2	71.9	72.7	71.9
Aircraft in service at balance date	#	147	135	146	148	141
FINANCIAL						
Passenger yield (per RPK)	cents	10.87	10.75	10.56	10.15	10.80
PRODUCTIVITY						
Average full-time equivalent employees	#	29,217	28,226	28,934	30,080	29,627
RPKs per employee	000	2,196	2,121	2,026	1,968	1,844
ASKs per employee	000	2,910	2,897	2,818	2,707	2,563

GLOSSARY

REVENUE PASSENGER KILOMETRES (RPKs)

Number of paying passengers carried, multiplied by the number of kilometres flown.

AVAILABLE SEAT KILOMETRES (ASKs)

Total number of seats available for passengers, multiplied by the number of kilometres flown.

REVENUE FREIGHT TONNE KILOMETRES (RFTKs)

Number of tonnes of paying freight carried, multiplied by the number of kilometres flown.

AVAILABLE FREIGHT TONNE KILOMETRES (AFTKs)

Total freight tonnage capacity available, multiplied by the number of kilometres flown.

REVENUE SEAT FACTOR

Percentage of total passenger capacity actually utilised by paying passengers.

AVAILABLE TONNE KILOMETRES (ATKs)

Number of tonnes of capacity available for carriage of passengers, freight and mail, multiplied by the number of kilometres flown.

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 6 September 2000.

DISTRIBUTION OF ORDINARY SHARES

Analysis of ordinary shareholders by size of shareholding:

Number of Shares	Ordinary Shares Held	Number of Shareholders	% of Issued Shares
1-1,000 *	21,417,333	36,807	1.77
1,001-5,000	175,363,550	96,877	14.48
5,001-10,000	48,774,206	7,011	4.03
10,001-100,000	63,268,423	3,057	5.22
100,001 and over	902,235,770	186	74.50
	1,211,059,282	143,938	100.00

* 3,790 shareholders hold less than a marketable parcel of shares in Qantas Airways Limited.

TWENTY LARGEST SHAREHOLDERS

Shareholder	Ordinary Shares Held	% of Issued Shares
British Airways Investments (Australia) Pty Limited	302,764,820	25.00
Chase Manhattan Nominees Limited	119,956,835	9.91
National Nominees Limited	97,206,496	8.03
BT Custodial Services Pty Limited	93,258,341	7.70
Westpac Custodian Nominees Limited	58,931,649	4.87
AMP Life Limited	21,943,688	1.81
Queensland Investment Corporation	21,358,762	1.76
MLC Limited	21,333,486	1.76
Citicorp Nominees Pty Limited	16,420,493	1.36
Commonwealth Custodial Services Limited	14,283,109	1.18
ANZ Nominees Limited	12,379,686	1.02
HSBC Custody Nominees (Australia) Limited	8,167,996	0.67
AMP Nominees Pty Limited	8,054,201	0.67
BT Custodians Limited	6,343,363	0.52
CSS Board	4,557,112	0.38
MLEQ Nominees Pty Limited	3,946,266	0.33
GIO Personal Investment Services Limited	3,788,766	0.31
BT Life Limited	3,580,233	0.30
PSS Board	3,100,263	0.26
Commonwealth Life Limited	2,909,915	0.24
		68.08

SUBSTANTIAL SHAREHOLDERS

The following shareholders have notified that they are substantial shareholders of Qantas Airways Limited:

Shareholder	Ordinary Shares Held	% of Issued Shares
British Airways Investments (Australia) Pty Limited	302,764,820	25.00
Principal Mutual Holding Company	108,601,402	8.97
Capital Group Companies, Inc.	61,171,750	5.05

DIRECTORY

REGISTERED OFFICE

Qantas Airways Limited
ACN 009 661 901
Qantas Centre
Level 9 Building A
203 Coward Street
Mascot NSW 2020
Australia

Telephone 61 2 9691 3636

Facsimile 61 2 9691 3339

Internet Address www.qantas.com.au

QANTAS SHARE REGISTRY

60 Carrington Street
Sydney NSW 1115
Australia

Telephone 61 2 8234 5470 or 1800 177 747

Facsimile 61 2 8234 5050

STOCK EXCHANGE

Australian Stock Exchange
20 Bridge Street
Sydney NSW 2000
Australia

DEPOSITARY FOR AMERICAN DEPOSITARY RECEIPTS

The Bank of New York
ADR Division
101 Barclay Street
New York NY USA

Telephone 1 212 815 2218

Facsimile 1 212 571 3050

GENERAL COUNSEL & COMPANY SECRETARY

Brett Johnson

FINANCIAL CALENDAR

2000

30 June	Year end
17 August	Preliminary final result announcement
6 September	Record date for final dividend
4 October	Final dividend payable
15 November	Record date for special dividend
16 November	Annual General Meeting, Sydney
13 December	Special dividend payable

2001

22 February	Half year result announcement
7 March	Record date for interim dividend
4 April	Interim dividend payable
30 June	Year end
16 August	Preliminary final result announcement
5 September	Record date for final dividend
3 October	Final dividend payable
21 November	Annual General Meeting, Melbourne

NOTICE OF MEETING

The Annual General Meeting of Qantas Airways Limited will be held at 2:00pm on Thursday 16 November 2000 in the Bayside Banquet Hall at the Sydney Convention Centre, Darling Harbour, Sydney.

FINANCIAL REPORT

Shareholders seeking a copy of the Financial Report, which will be provided free of charge, should contact the Qantas Share Registry.

