



QANTAS, THE OLDEST AIRLINE IN THE ENGLISH-SPEAKING WORLD, WAS FOUNDED IN THE QUEENSLAND OUTBACK IN 1920.

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

QANTAS CARRIED MORE THAN 22 MILLION PASSENGERS IN 2000/2001, OPERATING A FLEET OF 178 AIRCRAFT ACROSS A NETWORK SPANNING 129 DESTINATIONS IN 34 COUNTRIES.

QANTAS EMPLOYS AROUND 31,000 STAFF OF MORE THAN 100 NATIONALITIES, IN MORE THAN 30 COUNTRIES AND SPEAKING MORE THAN 50 DIFFERENT LANGUAGES.

Report from the Chairman and Chief Executive Officer <i>p</i> 1-3	Financial Summary <i>p</i> 4	Review of our Business <i>p</i> 5-23	
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To our fellow shareholders

It's been another successful year for Qantas. Your company performed well despite fierce competition in the domestic market and low overall industry profitability. Within this challenging operating environment, the company produced a solid annual return and laid the foundations for meeting the difficult challenges ahead.



Chairman **Margaret Jackson**

Chief Executive Officer **Geoff Dixon**

Solid results

Qantas delivered a profit of \$597.1 million before tax for the year ended 30 June 2001 and a profit after tax of \$415.4 million. The Directors declared a fully franked final dividend of 9 cents per share, bringing total fully franked dividends for the year to 20 cents per share and maintaining the payout ratio of 60 per cent.

Revenue totalled \$10.2 billion, a record for Qantas and an increase of \$1.1 billion, or 11.9% on last year. Total expenditure for the year, however, increased by 15%. Higher jet fuel prices were a major factor; in addition, Qantas commenced investing in new aircraft and improved services for customers.

Qantas International operations continued to make a strong contribution to the Group's performance during the year, with earnings before interest and tax rising 22.4 per cent to \$458.7 million. While this significant profit was assisted by the Sydney Olympics, it was delivered in a year in which many airlines around the world reported losses or small profits.

Qantas' Australian domestic operations were placed under great pressure, with earnings before interest and tax down 53.2 per cent to \$127.4 million. This reflected significant price discounting, a weak Australian dollar, an overall slowing in the Australian and international economies, introduction of the GST and, as indicated above, high fuel prices.

Qantas has a range of subsidiary operations, including regional airlines, Qantas Holidays and Qantas Flight Catering. The overall contribution of these subsidiary operations was reduced over the year, due mainly to the difficult operating environment faced by the regional airlines.

Australia's global airline

Qantas goes forward with the aim of retaining and enhancing its status as Australia's global airline. The company draws strength from its Australian identity and global reputation for safety, reliability, engineering excellence and customer service.

Over the year Qantas carried more than 22 million passengers, operating a fleet of 178 aircraft across a network spanning 129 destinations in 34 countries. The Qantas network expanded, with increased services on our major routes including London, Rome, Los Angeles and New York. Less profitable routes were replaced by codeshare services with partner airlines.

In November 2000, Qantas announced it would purchase 31 new aircraft as part of a substantial long-term fleet strategy. Qantas will be one of the first airlines in the world to acquire the Airbus 380, the world's largest commercial aircraft. These investments

will allow Qantas to replace older aircraft, provide capacity for growth and ensure we maintain our long-held reputation for leadership in industry innovation.

Customer service is being upgraded. Qantas commenced installation of a \$300 million Total Entertainment inflight system on its international fleet of Boeing 747-400 aircraft. The *Cityflyer* express service, with flights every half hour between Sydney and Melbourne, was launched. And Qantas introduced a new range of domestic Economy Class meals, inspired by renowned chef and restaurateur Neil Perry.

Qantas employs 31,000 staff of more than 100 nationalities in over 30 countries. We thank each and every one of them for their dedication and hard work during a year of tremendous change. During the year, Qantas won awards for customer service and product and maintained its reputation as Australia's best known company.

Qantas continued to rely on strategic alliances to create the scale and scope to deliver greater benefits to customers and improve its return to shareholders. Qantas is a foundation member of the **oneworld** alliance that brings together eight of the world's leading airlines. Qantas also maintained bilateral agreements with British Airways, American Airlines and Japan Airlines and codeshare arrangements with a number of other airlines.

Board changes

Since the last Annual Report, we welcomed Rod Eddington to the Qantas Board in February 2001. We would like to record Qantas' Board and Management's gratitude to Lord Marshall, who retired from the Board during the year.

Geoff Dixon was appointed Chief Executive Officer in March 2001, following the retirement of James Strong. As a member of the Board for 10 years and Chief Executive and Managing Director for more than seven years, James Strong made an outstanding contribution to Qantas. We wish to record the Board's appreciation to James and wish him all the best for the future.

Going forward

The company's performance in 2000/01 confirms that Qantas is a disciplined and robust airline, ready to meet all challenges. In the coming years, Qantas' success will depend not just on superior operational reliability and service but also on developing strong economies of scale and scope through global alliances and partnerships.

The Board and Management of Qantas will continue to invest wisely, and seek out the cost efficiencies, structural changes and the legislative and regulatory freedoms to ensure the company is well placed to build on its record of success.



Chairman **Margaret Jackson**



Chief Executive Officer **Geoff Dixon**

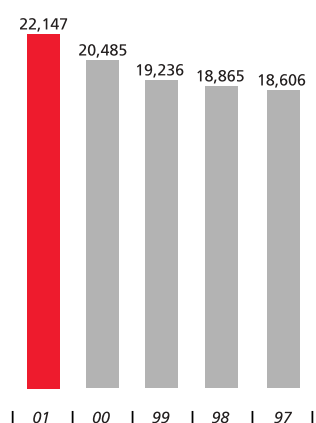


Qantas Cityflyer was launched in July 2001 offering flights every 30 minutes between Sydney and Melbourne with a range of dedicated services on the ground to streamline the airport process for business travellers.

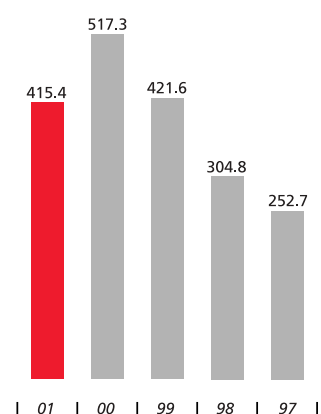
Financial Summary

Year Ended 30 June		2001	2000	1999	1998	1997
Sales and Operating Revenue	\$M	10,188.2	9,106.8	8,448.7	8,131.5	7,834.4
Earnings Before Interest and Tax	\$M	695.8	874.0	762.6	581.7	500.0
Profit From Ordinary Activities Before Tax	\$M	597.1	762.8	662.5	478.0	403.7
Net Profit Attributable to Members of the Company	\$M	415.4	517.3	421.6	304.8	252.7
Earnings Per Share	cents	33.0	42.8	35.4	26.8	23.6
Ordinary Dividends Per Share	cents	20.0	22.0	19.0	13.5	13.0
Passengers Carried	000	22,147	20,485	19,236	18,865	18,606
Available Seat Kilometres	M	92,943	85,033	81,765	81,537	81,440
Revenue Passenger Kilometres	M	70,540	64,149	59,863	58,619	59,199
Revenue Seat Factor	%	75.9	75.4	73.2	71.9	72.7
Aircraft in service at balance date	#	178	147	135	146	148

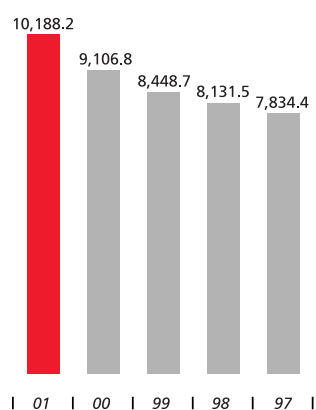
Passengers Carried
000



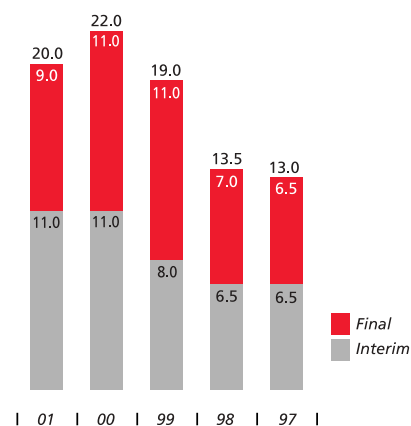
Net Profit Attributable to Members of the Company
\$ Millions



Sales and Operating Revenue
\$ Millions



Ordinary Dividends per Share
Cents per Share





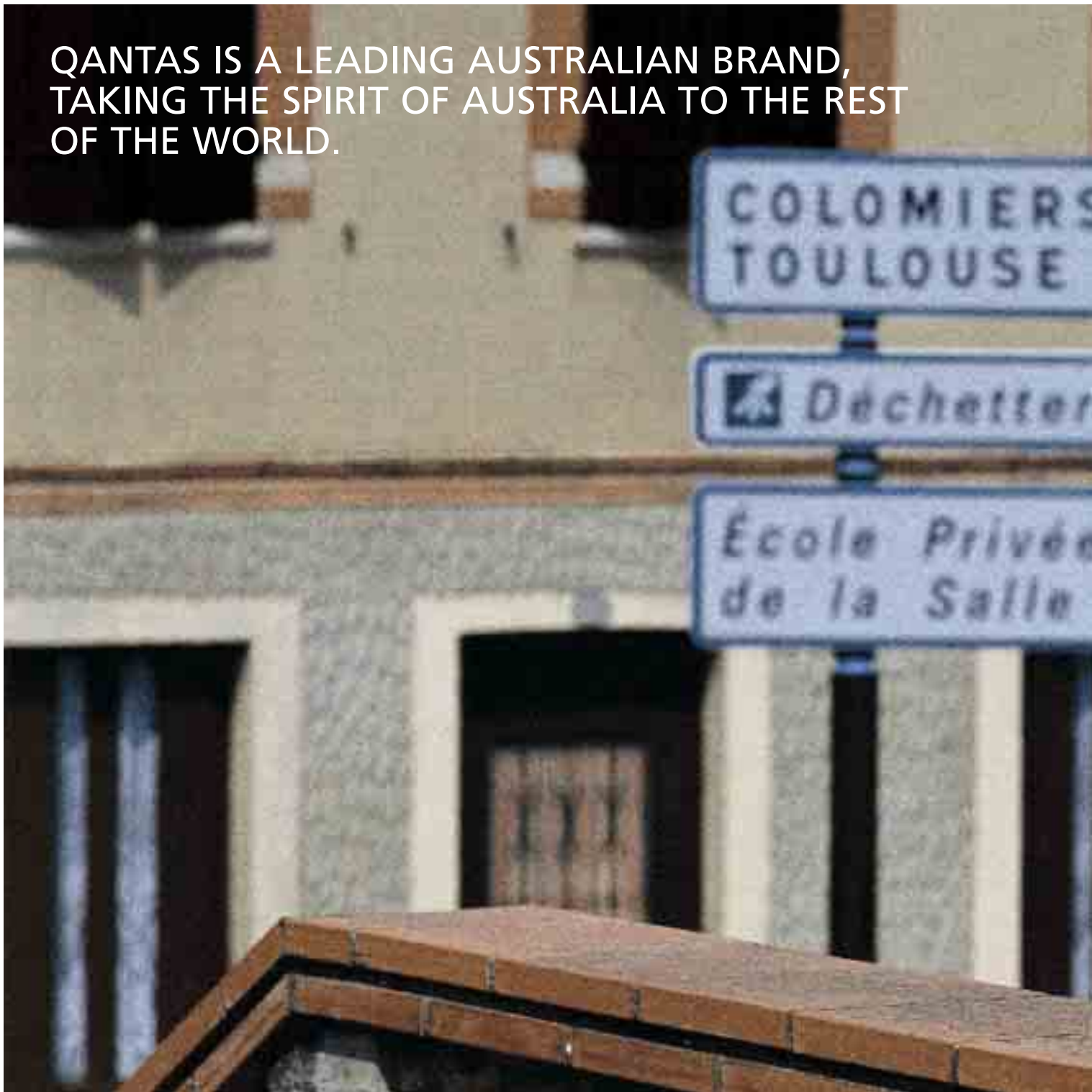
WHAT MAKES QANTAS UNIQUE:

		The Qantas Brand <i>p</i> 6-7
	The Qantas Culture <i>p</i> 8-9	The Qantas Fleet <i>p</i> 10-11
Strategic Alliances <i>p</i> 12-13	Customer Service <i>p</i> 14-15	Network Management <i>p</i> 16-17
World's Best Practice <i>p</i> 18-19	Community Contribution <i>p</i> 20-21	Financial Performance <i>p</i> 22-23

Qantas is the largest non-North American carrier flying into Los Angeles Airport and, from November 2001, will operate daily services through to New York.

The Qantas Brand

QANTAS IS A LEADING AUSTRALIAN BRAND,
TAKING THE SPIRIT OF AUSTRALIA TO THE REST
OF THE WORLD.



Qantas is recognised around the world as a uniquely Australian airline.



The kangaroo on the tail of Qantas aircraft is recognised around the world as representing a proud history focussed on safety, reliability, engineering excellence and customer service. Queensland and Northern Territory Aerial Services Limited (Qantas) was established in western Queensland in 1920, and over the past 81 years the airline has built a reputation as a pioneer in the aviation industry.

Qantas draws strength from its Australian identity and its position as a globally successful Australian company. In January 2001, Qantas was, for the 11th consecutive year, named as the airline with the best corporate image in both domestic and international categories by Australian magazine, the *National Business Bulletin*.

QANTAS IS COMMITTED TO THE HIGHEST STANDARDS OF SAFETY, CUSTOMER SERVICE AND OPERATIONAL RELIABILITY.



A focus on customer service and an understanding of passengers' needs has helped Qantas build a reputation as one of the best airlines in the world.



Qantas employs around 31,000 staff of more than 100 nationalities in over 30 countries. Each month the airline's staff newspaper recognises a growing list of loyal employees who have attained 30, 40 and even 50 years of service.

Safety, service orientation, reliability, professionalism and a desire to succeed, combined with a unique Australian approach, are the underlying values of the Qantas culture. These values and ambitions were institutionalised by Qantas' founding members and like them, the airline continues to be a pioneering enterprise daily demonstrating the spirit of Australia and its people.

Staff absorb this culture from their first day with Qantas. The induction program provides a broad company overview, which is supported by ongoing access to some of the world's best training programs, and continues through everything that the airline does to ensure delivery of consistently high levels of products and services.

Understanding the airline's customers and their expectations, and how to meet those expectations, is the key to enhancing Qantas' position as one of the world's best airlines.

THE ADDITION OF A380 AIRCRAFT TO THE QANTAS FLEET WILL CONTINUE THE AIRLINE'S PROUD TRADITION AS A LEADER IN THE SELECTION OF NEW AIRCRAFT TYPES.



Throughout its 81-year history, Qantas has been a leader in the selection of new aircraft types highlighted by the decision to purchase Lockheed Constellations in the 1940s, Boeing 707s in the 1950s and the Boeing 747 a decade later.

In November 2000, Qantas announced it would be a launch customer for the Airbus A380 – the world's largest commercial aircraft – as part of a comprehensive long-term fleet strategy.

Fleet strategy provides for growth

Qantas will purchase:

- 13 Airbus A330-200 and A330-300 aircraft for delivery between 2002 and 2005 to provide for growth on domestic routes with flexibility for regional international operations;
- 6 Boeing 747-400ER aircraft with enhanced performance capability for delivery between 2002 and 2003 to handle growth on international long haul routes; and

- 12 Airbus A380 aircraft for delivery between 2006 and 2011 to meet passenger growth on selected long-haul routes.

The fleet strategy provides for growth and renewal with plans to retire the airline's B747-300, B747-200, B747SP and B767-200 aircraft on a progressive basis.

Building on a solid foundation

The Qantas reputation for operational excellence is founded on its pioneering history and long-range fleet operations. Qantas operates a core jet fleet of 111 aircraft, comprising Boeing 737s, 767s and 747s. In the year to 30 June 2001, Qantas purchased one new B767-300 aircraft and leased seven B767-300s from **oneworld** partner British Airways. QantasLink operations are serviced by a mixed fleet of 67 aircraft.

Qantas Captain Peter Jones, (left) discusses the A380 with Airbus Industries' David Velupillai.



Operational Aircraft Fleet

Details as at 30 June 2001

Aircraft Type	Owned, HP & Finance Leases	Extendable Operating Leases	Other Operating Leases	Leased Out	Total in Service
Boeing 747-400	18	6	1	—	25
Boeing 747-300	6	—	—	—	6
Boeing 747-200*	5	—	—	(1)	4
Boeing 747SP	2	—	—	—	2
Boeing 767-300ER	17	5	7	—	29
Boeing 767-200ER	7	—	—	—	7
Boeing 737-400	21	—	1	—	22
Boeing 737-300	16	—	—	—	16
Total Core Fleet	92	11	9	(1)	111

* 1 x B747-200 on lease to Air Pacific

Operational Aircraft Fleet

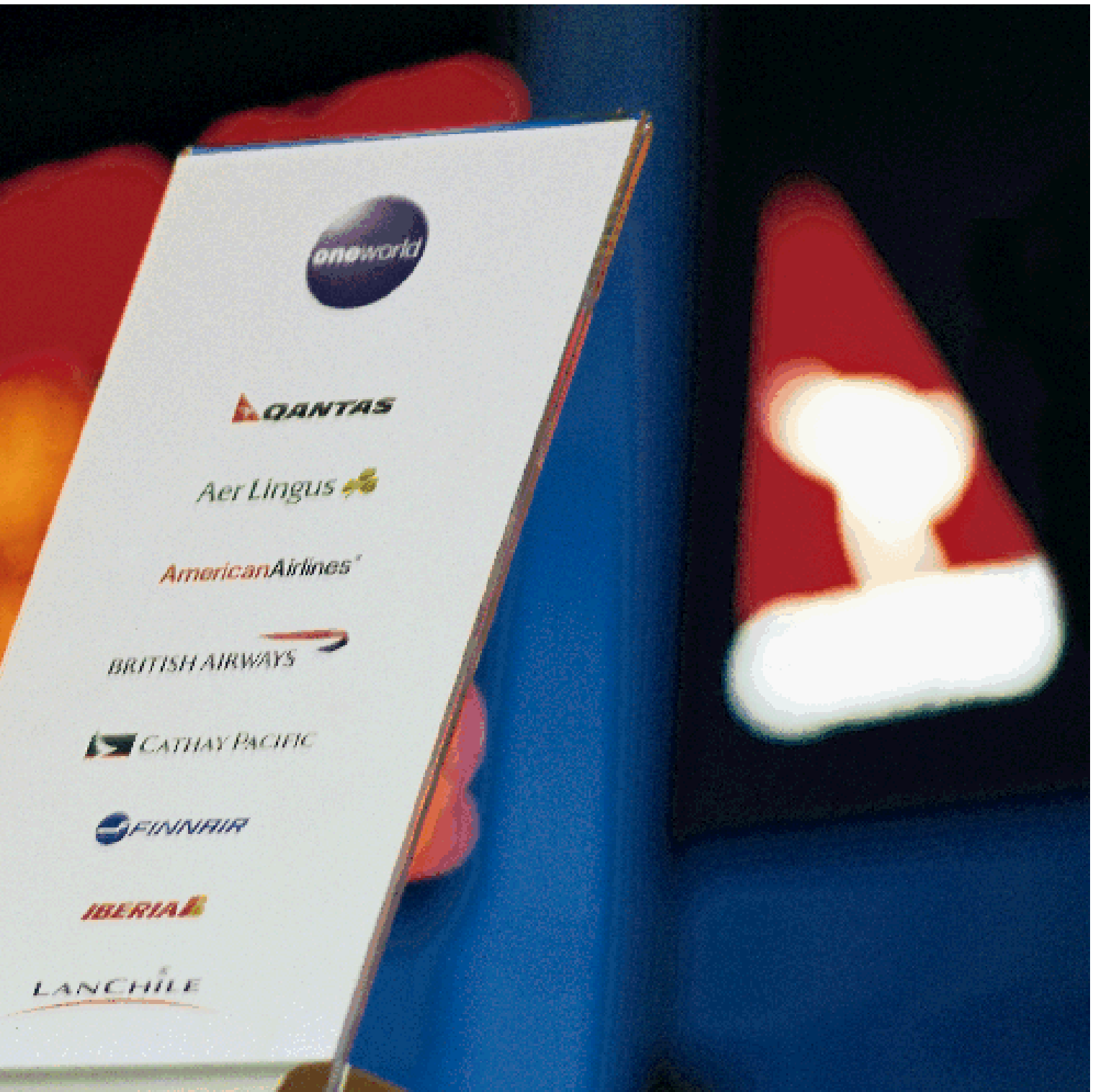
Details as at 30 June 2001

Aircraft Type	Owned, HP & Finance Leases	Extendable Operating Leases	Other Operating Leases	Leased Out	Total in Service
British Aerospace					
Bae 146	—	—	17	—	17
De Havilland Dash 8	24	—	1	—	25
Shorts SD360	4	—	—	—	4
Boeing 717-200	—	—	8	—	8
Beechcraft 1900D	—	—	13	—	13
Total QantasLink Fleet	28	—	39	—	67
Total Qantas Fleet	120	11	48	(1)	178

STRATEGIC ALLIANCES DELIVER MAJOR BENEFITS TO QANTAS AND ITS CUSTOMERS THROUGH ENHANCED REVENUE, INCREASED MARKET SHARE AND STRONGER NETWORK REACH.



oneworld offers Qantas customers access to 565 destinations in 135 countries.



In an increasingly competitive global environment, strategic alliances deliver a range of significant benefits to Qantas including enhanced revenues, increased market share and the opportunity to reduce costs through shared facilities and resources. Alliances also provide a number of major benefits to customers.

At the global level, Qantas is a founding member of the **oneworld** alliance that features eight of the world's leading airlines – **Qantas, Aer Lingus, American Airlines, British Airways, Cathay Pacific, Finnair, Iberia** and **LanChile** – plus 23 regional affiliates.

oneworld flies to 565 destinations in 135 countries and provides Qantas customers with:

- an expanded global support network;
- more choice and flexibility for round-the-world travellers;
- greater rewards and recognition for frequent flyers; and
- smoother transfers for passengers travelling across the **oneworld** network.

In addition to **oneworld**, Qantas has separate bilateral alliances with British Airways, American Airlines and Japan Airlines and codeshare arrangements with a number of airlines including Air Caledonie, Air Niugini, Air Pacific, Air Tahiti Nui, Air Vanuatu, Alaska Airlines, Alitalia, Asiana, China Eastern, Eva Air, Finnair, Norfolk Jet Express, Origin Pacific, Polynesian Airlines, Solomon Airlines, South African Airways, Swissair and Vietnam Airlines.

IN AN INCREASINGLY COMPETITIVE GLOBAL AVIATION INDUSTRY, QANTAS IS CONTINUALLY IMPROVING THE RANGE OF PRODUCTS AND SERVICES IT OFFERS TO CUSTOMERS.



Qantas flies about 22 million customers on its international and domestic networks each year and our airline's reputation for excellence in customer service, built over decades, is critical to Qantas' overall success.

Over the past year, initiatives included:

International Inflight Entertainment

A \$300 million Total Entertainment inflight system is being installed progressively on the Qantas international fleet of Boeing 747-400 aircraft. This enormous task is due to be completed by late 2002.

The system offers in-seat personal telephones, video games and 16 audio channels in all classes plus:

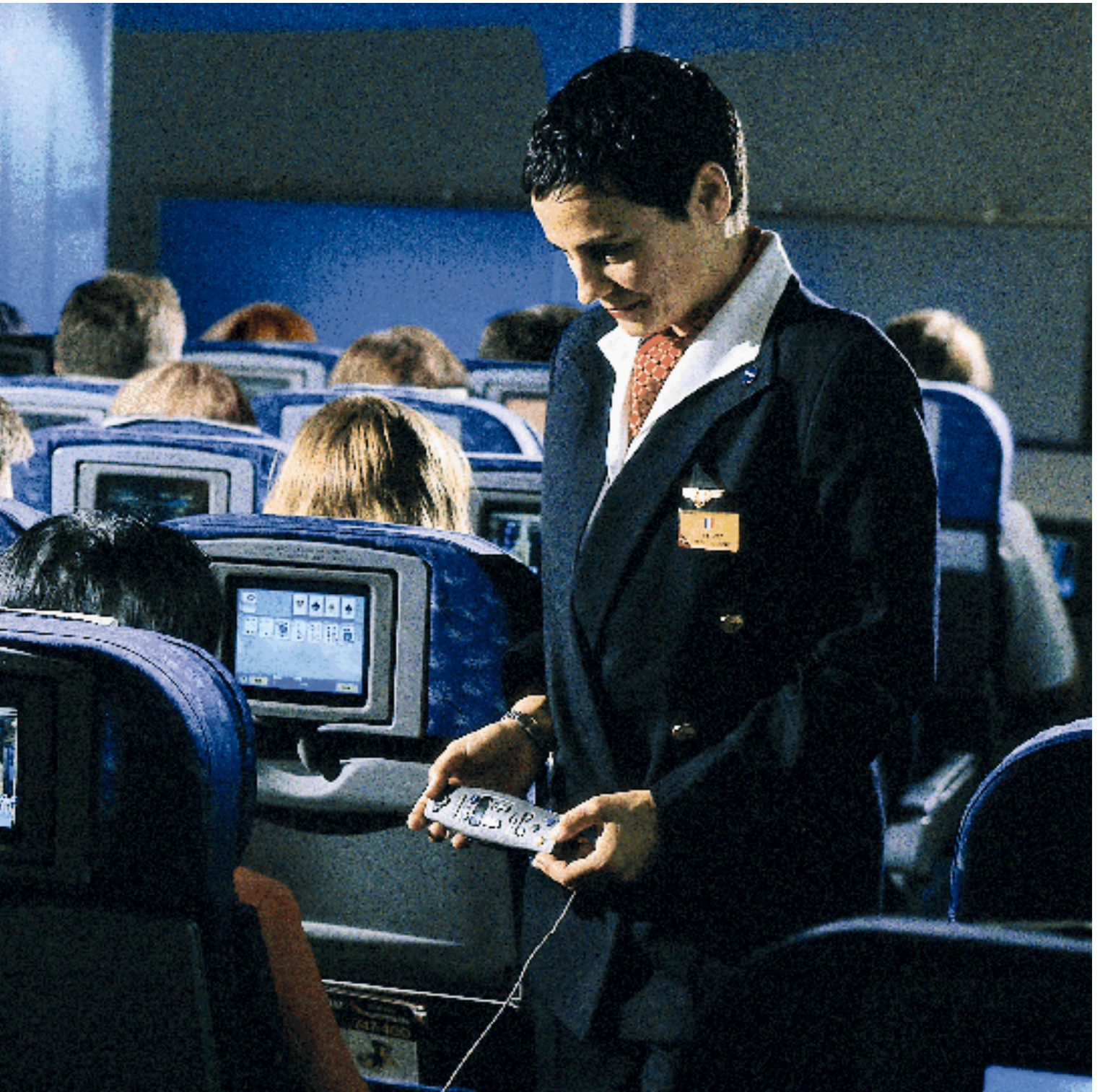
- individual seat-back video screens in Economy Class with 12 movie and television channels;

- larger screens with touch control in Business Class with 18 movie and television channels;
- larger screens with touch control in First Class with 18 movie and television channels and personal video players with a video library offering 50 film titles; and
- in-seat power for personal computers in Business and First Class.

Fresher Domestic Food and Service

More than 13 million customers fly with Qantas on its domestic and regional services each year and Qantas has enhanced its domestic product in two important ways:

- the *Cityflyer* express service between Sydney and Melbourne was launched in July 2001, offering flights every 30 minutes from Monday to Friday and a range of dedicated services to streamline the airport process for business travellers; and



- a new range of domestic Economy Class meals, inspired by renowned chef and restaurateur Neil Perry, was launched in July 2001 with a focus on fresher, more contemporary and satisfying food and more personalised service.

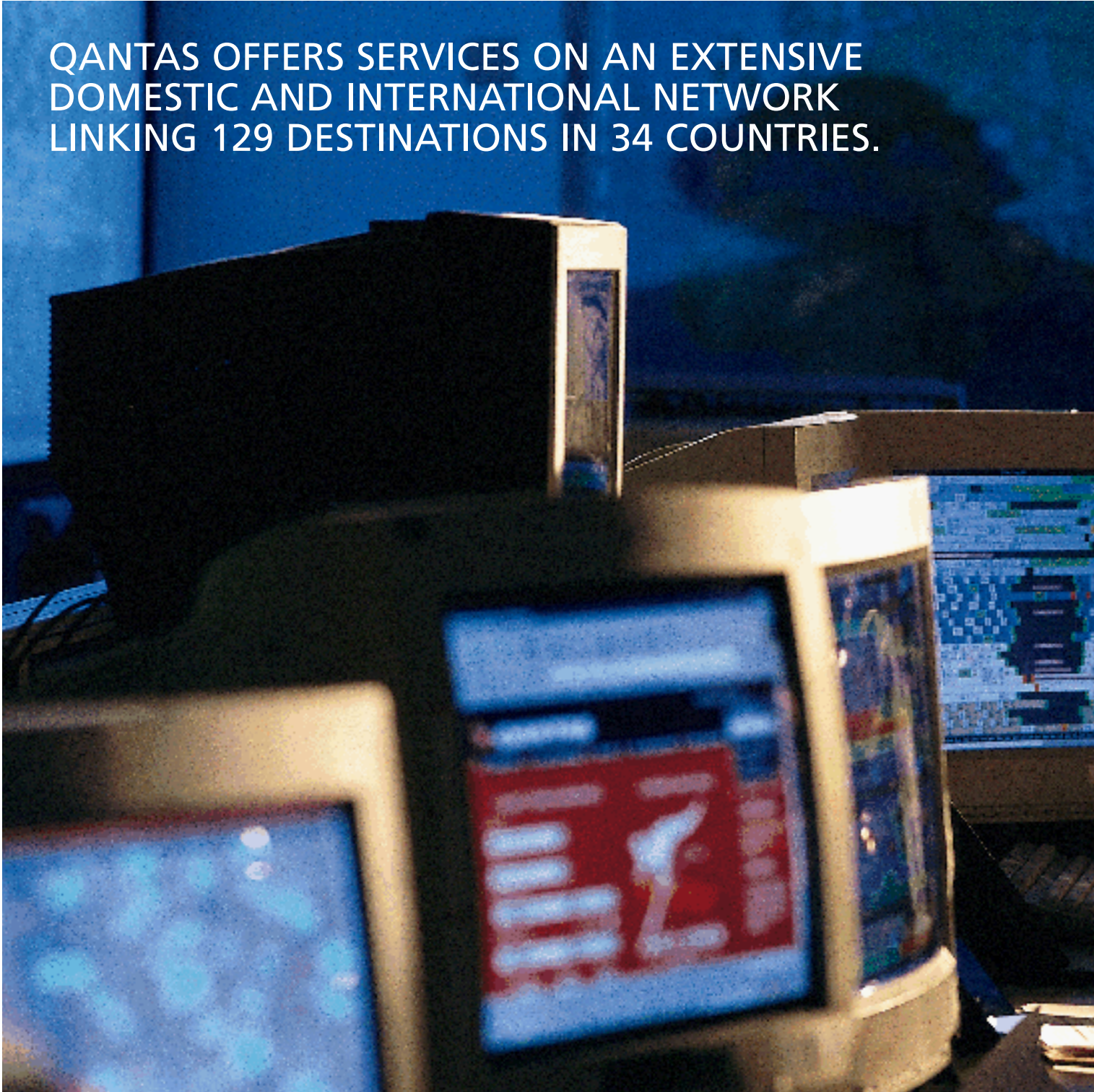
Re-launched Frequent Flyer Program

The Qantas Frequent Flyer Program, with more than 2.6 million members and over 100 program partners, was re-launched during the year with new benefits including:

- removal of the five-year expiry period of Frequent Flyer points;
- removal of the Account Service Fee;
- full points for travel on discount Economy Class fare types;
- a guaranteed 1,000 points for travel on any Qantas designated Economy Class flight and 1,250 points on any Business or First Class flight;
- the ability to use Frequent Flyer points for upgrades to First or Business Class on international flights;
- five Award redemption travel zones with no distinction between domestic and international travel; and
- four levels of Qantas Frequent Flyer membership – Platinum, Gold, Silver and Bronze.

About 20 per cent of Frequent Flyer Redemption bookings are made online and, in November 2000, Qantas launched a web site that expands the opportunities for Qantas Frequent Flyers to earn award points.

QANTAS OFFERS SERVICES ON AN EXTENSIVE DOMESTIC AND INTERNATIONAL NETWORK LINKING 129 DESTINATIONS IN 34 COUNTRIES.



Efficient management of its route network continues to be a focus for Qantas as competition within the global airline industry intensifies. Every route in the Qantas network is scrutinised to ensure its ongoing viability and contribution.

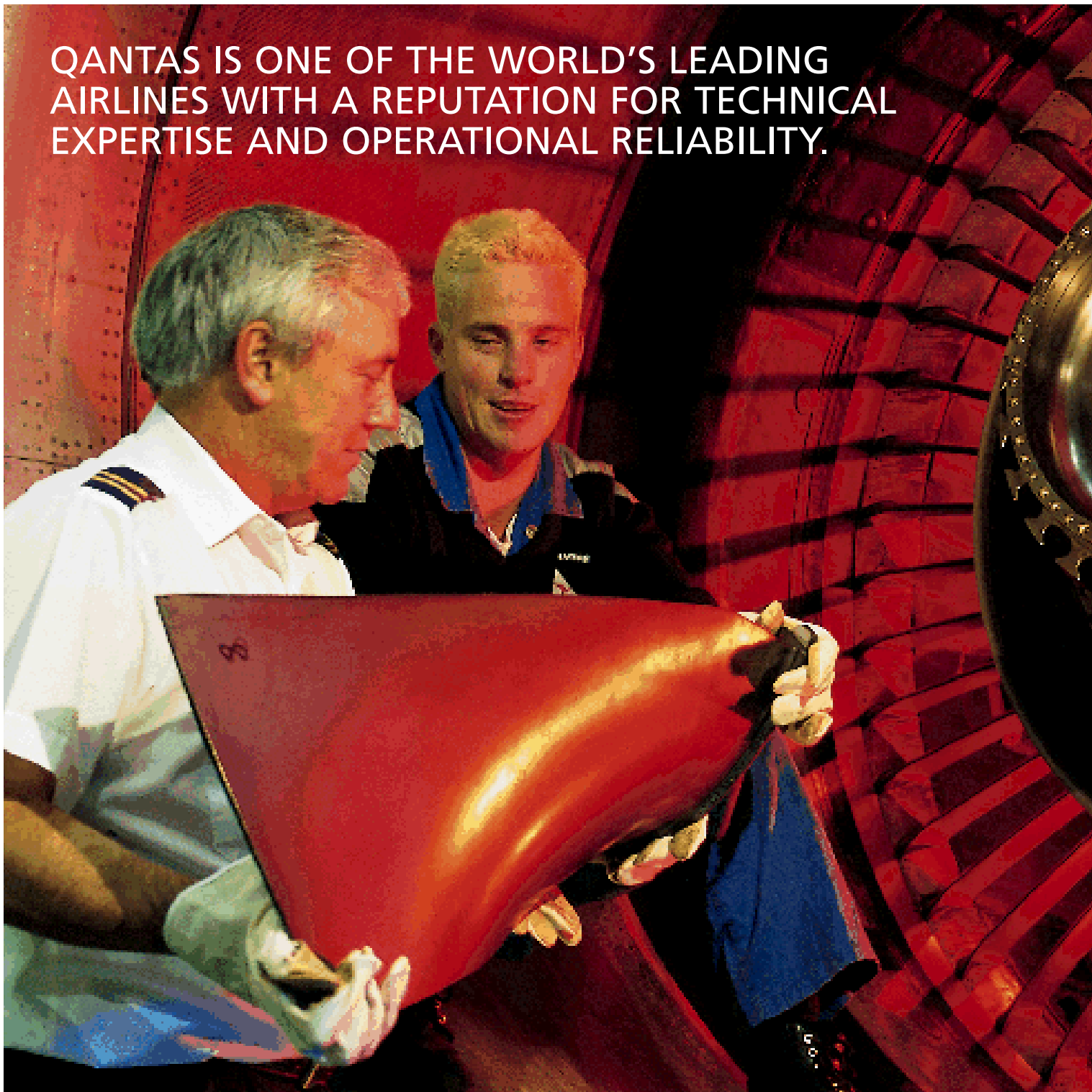
Route network developments included:

- the addition of two services to London bringing the total to 19 per week;
- the introduction of an additional weekly service between Melbourne and Rome;
- the expansion of frequencies to the United States bringing to 40 the number of services per week between east-coast Australia and the US;
- the commencement of non-stop services between Sydney and Johannesburg, with South African Airways operating between Perth and Johannesburg as part of a new codeshare agreement;



- more services from Brisbane and Perth to Singapore;
- the introduction of Qantas domestic services in New Zealand, coupled with a codeshare agreement with Origin Pacific Airlines, providing services to regional New Zealand;
- an increase in frequency between Cairns and Port Moresby in association with Air Niugini;
- an increase to 15 destinations within the United States that Qantas offers under the codeshare agreement with American Airlines;
- the addition of Dusseldorf and Munich as expansion of the codeshare agreement with British Airways;
- the introduction of Boeing 717 services on a number of key domestic leisure markets;
- the introduction of half-hourly services between Sydney and Melbourne and between Sydney and Brisbane; and
- the replacement of services to China, Canada and Tahiti with codeshare services on other airlines.

QANTAS IS ONE OF THE WORLD'S LEADING AIRLINES WITH A REPUTATION FOR TECHNICAL EXPERTISE AND OPERATIONAL RELIABILITY.





Qantas is committed to the highest standards of safety and operational reliability. The airline is continuing to look at ways of improving efficiency while maintaining those high standards for which the airline is renowned.

Highest international standards

In April 2001, Qantas Flight Operations Training gained accreditation under international standards for Quality Assurance ISO 9000. The airline's Engineering and Maintenance facility and Flight Operations Flight Simulator Centre are also ISO 9000 accredited. This confirms Qantas not only meets the safety criteria of aviation authorities, but also achieves world standards for quality, reliability and other factors important to our customers.

Engineering and Maintenance

The airline's Engineering and Maintenance division is effectively a multi-million dollar business operation, with more than 5,700 qualified staff employed at its Sydney and Melbourne Jetbases, as well as line stations around the world. In addition to the work carried out on Qantas aircraft, around 11 per cent of work performed by Engineering and Maintenance is for customer airlines and air forces around the world.

In the past year, Qantas spent \$1.2 billion on engineering and maintenance for the airline's fleet. In addition, the engineering and maintenance divisions and Qantas Defence Services carried out more than \$150 million worth of external client work for commercial and defence customers.



QANTAS HAS A LONG TRADITION OF BEING A MAJOR SUPPORTER OF THE AUSTRALIAN COMMUNITY, SPORTS AND THE ARTS.

In the 2001 financial year, Qantas was proud to support:

Charities

Bobby Goldsmith Foundation
CanTeen
CARE Australia
National Australia Day Council
Prime Minister's Disability Awards
Royal Victoria Institute for the Blind
Carols by Candlelight
Starlight Children's Foundation
UNICEF Change for Good program
World Vision

Cultural activities

Art Gallery of NSW
Australian Brandenburg Orchestra
Australian Youth Orchestra
Bangarra Dance Theatre
Playbox Theatre
Museum of Contemporary Art
Musica Viva
Opera Australia
Sydney Dance Company
The Bell Shakespeare Company
The Melbourne Festival

Environmental causes

Clean Up Australia
Clean Up The World

Specialist groups

Australian Wine Export Council
Committee for the Economic
Development of Australia
Mercedes Australian Fashion Week
Tasting Australia
Zoological Parks Board of New South Wales

Olympic champion and World Record holder, Grant Hackett, is one of the athletes supported by **Qantas**.



Qantas is proud to sponsor a range of major sporting events and organisations in Australia, including:

Australian Rugby Union
Australian Swimming
Basketball Australia
Netball Australia
Motor sports

Qantas also sponsors seven individual Australian athletes, each of whom has reached the pinnacle of their sport on the world stage:

John Eales (rugby)
Cathy Freeman (athletics)
Grant Hackett (swimming)
Greg Norman (golf)
Kieren Perkins (swimming)
Louise Sauvage (wheelchair road and track)
Ian Thorpe (swimming)

**QANTAS ACHIEVED A SIGNIFICANT PROFIT
IN A DIFFICULT AND CHALLENGING GLOBAL
ENVIRONMENT, CONFIRMING IT IS A DISCIPLINED
AND ROBUST AIRLINE.**

Operating Profit

- \$597.1 million profit before tax, down \$165.7 million or 21.7 per cent
- \$415.4 million profit after tax, down \$101.9 million or 19.7 per cent
- \$695.8 million earnings before interest and tax, down \$178.2 million or 20.4 per cent

Business Segments Performance

- \$458.7 million earnings before interest and tax from International Operations, up 22.4 per cent
- \$127.4 million earnings before interest and tax from Australian Domestic Operations, down 53.2 per cent
- \$109.7 million from Subsidiary Operations, down 35.2 per cent

Earnings Performance

- 33.0 cents earnings per share, down from 42.8 cents
- 9 cents per share final dividend, total dividends 20 cents per share, down 2 cents
- 60 per cent dividend payout ratio maintained

Revenue

- \$10.19 billion revenue, up \$1.08 billion or 11.9 per cent
- \$7.94 billion net passenger revenue, up \$966.2 million or 13.9 per cent
- \$596.3 million net freight revenue, up \$53.3 million or 9.8 per cent
- \$604.3 million tour and travel sales, up \$52.5 million or 9.5 per cent



Operational Performance

- 22.15 million passengers carried, up 1.66 million or 8.0 per cent
- 70.54 billion Revenue Passenger Kilometres, up 6.39 billion or 10.0 per cent
- 92.94 billion Available Seat Kilometres, up 7.91 billion or 9.3 per cent
- 75.9 per cent Revenue Seat Factor, up 0.5 percentage points
- 11.26 cents per RPK yield, up 3.6 per cent
- 31,632 average full-time equivalent employees, up 8.3 per cent
- 2.23 million RPKs per employee, up 1.5 per cent

Balance Sheet

- Debt to debt plus equity ratio, including operating leases on a hedged basis, increased from 44:56 at 30 June 2000 to 53:47 at 30 June 2001 due to fleet expansion and deposits paid for future aircraft deliveries
- Cash flow from operations totalled \$1,100.7 million, down \$499.1 million or 31.2 per cent

Board of Directors



◀◀ **Margaret Jackson**
Chairman
◀ **Geoff Dixon**
Chief Executive Officer

Peter Gregg ▶
Chief Financial Officer
Mike Codd ▶▶
Non-Executive Director
Trevor Eastwood ▶▶▶
Non-Executive Director



◀◀◀ **Rod Eddington**
Non-Executive Director
◀◀ **Jim Kennedy**
Non-Executive Director
◀ **Trevor Kennedy**
Non-Executive Director

Roger Maynard ▶
Non-Executive Director
John Schubert ▶▶
Non-Executive Director
Nick Tait ▶▶▶
Non-Executive Director



Margaret Jackson

Chairman, Age 48

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

Geoff Dixon

Chief Executive Officer, Age 61

- ▶ Appointed to the Board in August 2000 and as Chief Executive Officer and Managing Director in March 2001
- ▶ Member of the Safety, Environment & Security Committee and Chairman of a number of controlled entities of Qantas
- ▶ 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

Peter Gregg

Chief Financial Officer, Age 46

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

Mike Codd, AC

Non-Executive Director, Age 61

- ▶ Appointed to the Board in January 1992
- ▶ Member of the Audit, Risk & Compliance Committee and Chairman of the Safety, Environment & Security Committee
- ▶ Chancellor, University of Wollongong
- ▶ Chairman of National Australia Asset Management Limited and National Corporate Investment Services Limited
- ▶ Deputy Chairman of Australian Nuclear Science and Technology Organisation (ANSTO) and The Menzies Foundation
- ▶ Director of CitiPower Limited, National Wealth Management Holdings Limited, National Australia Financial Management Limited, National Australia Fund

Management Limited, MLC Limited, MLC Investments Limited and Toogoolawa Consulting Pty Limited

- ▶ Member of the Advisory Boards of Spencer Stuart and Blake Dawson Waldron

Trevor Eastwood, AM

Non-Executive Director, Age 59

- ▶ Appointed to the Board in October 1995
- ▶ Member of the Audit, Risk & Compliance Committee 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

Rod Eddington

Non-Executive Director, Age 51

- ▶ Appointed to the Board by British Airways Plc in February 2001
- ▶ Chief Executive and Director of British Airways Plc
- ▶ Director of News Corporation Limited and John Swire and Sons Pty Limited

Jim Kennedy, AO, CBE

Non-Executive Director, Age 67

- ▶ Appointed to the Board in October 1995
- ▶ Chairman of the Audit, Risk & Compliance Committee and a member of the Chairman's Committee
- ▶ Fellow of The Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors
- ▶ Well known for his contribution to the tourism industry
- ▶ Chairman of Queensland Investment Corporation
- ▶ Deputy Chairman of GWA International Limited
- ▶ Director of the Australian Stock Exchange Limited, Macquarie Goodman Management Limited, Goodman Hardie Management Australia Limited, Macquarie Industrial Management Limited 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

Trevor Kennedy, AM

Non-Executive Director, Age 59

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

Roger Maynard

Non-Executive Director, Age 58

- ▶ Appointed to the Board by British Airways Plc in March 1993
- ▶ Member of the Audit, Risk & Compliance Committee
- ▶ Director of Investments and Joint Ventures for British Airways Plc
- ▶ Chairman of Deutsche BA Luftfahrtgesellschaft mbH
- ▶ Director of Iberia, Lineas Aereas de Espana, S.A.

John Schubert

Non-Executive Director, Age 58

- ▶ Appointed to the Board in October 2000
- ▶ Member of the Safety, Environment & Security Committee
- ▶ President of the Business Council of Australia
- ▶ Chairman of the Advisory Board of Worley Limited
- ▶ Deputy Chairman of Commonwealth Bank of Australia
- ▶ Director of BHP Billiton Limited, BHP Billiton Plc, Hanson Plc and the Australian Graduate School of Management Limited

Nick Tait

Non-Executive Director, Age 62

- ▶ Appointed to the Board by British Airways Plc in March 1993
- ▶ Member of the Safety, Environment & Security Committee and the Chairman's Committee
- ▶ Director of Concorde International Travel Limited, World Aviation Systems (Australia) Pty Limited and the Garvan Research Foundation
- ▶ Fellow of the Australian Institute of Company Directors

Senior Management**Geoff Dixon**

Chief Executive Officer

Peter Gregg

Chief Financial Officer

Denis AdamsChief Executive
Australian Airlines**John Borghetti**Executive General Manager
Sales and Marketing**David Burden**Executive General Manager
Technology and Services**Curtis Davies**Group General Manager
Marketing**Paul Edwards**Executive General Manager
Airline Strategy and Network**George Elsey**Group General Manager
Human Resources**Grant Fenn**

Deputy Chief Financial Officer

David ForsythExecutive General Manager
Aircraft Operations**David Hawes**Group General Manager,
Government and
International Relations**Brett Johnson**General Counsel & Company
Secretary**Narendra Kumar**Executive General Manager
Subsidiary Businesses**Steve Mann**Executive General Manager
Customer Services**Michael Sharp**Group General Manager
Public Affairs

Corporate **GOVERNANCE**

BOARD RESPONSIBILITIES

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

BOARD STRUCTURE

- 11 Directors.
- Six independent Non-Executive Directors elected by shareholders other than British Airways – 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 – Chief Executive Officer and Chief Financial Officer.
- New independent Non-Executive Directors are selected by the Chairman's Committee, appointed by the other independent Non-Executive Directors and elected by shareholders.
- During the year, there were a number of resignations and appointments – see page 29.

AUSTRALIAN PROVISIONS

- Provisions in the Constitution to ensure the independence of the Qantas Board and to protect the airline's position as the 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% aggregate foreign ownership;
 - maximum 35% aggregate foreign airline ownership; and
 - maximum 25% ownership by one foreign person.

BOARD MEETINGS

- Eight formal meetings a year.
- Additional meetings held as required.
- 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, Risk & Compliance Committee – assists the Board in fulfilling its audit, accounting and reporting obligations, monitors internal and external auditors, monitors business risk management and compliance with legal and statutory obligations;
 - Safety, Environment & Security Committee – receives detailed reports on all safety (including occupational health and safety), environment and security aspects of the airline and ensures that the appropriate risk management procedures are in place to protect the airline, its passengers, employees and the community;
 - Chairman's Committee – reviews Board's performance and remuneration, selection of new Directors, recommends remuneration for Chief Executive Officer and senior executives and monitors succession planning; and
 - Nominations Committee – approval of Chairman and any Alternate Directors.
- Membership of and attendance at 2000/2001 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.
- Formal Continuous Disclosure Policy to ensure compliance with Listing Rules and Corporations Act.

Performance SUMMARY

FOR THE YEAR ENDED 30 JUNE 2001

	QANTAS GROUP		
	2001 \$M	2000 \$M	Increase/ (Decrease) %
FINANCIAL RESULTS			
SALES AND OPERATING REVENUE			
Net passenger revenue	7,941.8	6,975.6	13.9
Net freight revenue	596.3	543.0	9.8
Tours and travel revenue	604.3	551.8	9.5
Other sources*	1,045.8	1,036.4	0.9
Sales and operating revenue	10,188.2	9,106.8	11.9
EXPENDITURE			
Manpower and staff related	2,549.9	2,295.8	11.1
Selling and marketing	1,141.6	1,051.0	8.6
Aircraft operating – variable	2,023.0	1,732.7	16.8
Fuel and oil	1,329.8	863.2	54.1
Property	246.9	215.2	14.7
Computer and communication	365.0	352.4	3.6
Depreciation and amortisation	706.7	634.0	11.5
Non-cancellable operating lease rentals	181.8	127.9	42.1
Tours and travel cost of sales	525.7	482.8	8.9
Capacity hire, insurance and other	422.0	477.8	(11.7)
Expenditure	9,492.4	8,232.8	15.3
EARNINGS BEFORE INTEREST AND TAX			
Net interest expense	(98.7)	(111.2)	(11.2)
PROFIT FROM ORDINARY ACTIVITIES			
BEFORE INCOME TAX EXPENSE			
Income tax expense relating to ordinary activities	(177.4)	(244.9)	(27.6)
NET PROFIT	419.7	517.9	(19.0)
Outside equity interests in net (profit)/loss	(4.3)	(0.6)	616.7
NET PROFIT ATTRIBUTABLE TO MEMBERS OF THE COMPANY	415.4	517.3	(19.7)
BALANCE SHEET			
Total assets	12,513.6	12,007.1	4.2
Total liabilities	9,197.7	9,142.7	0.6
Total equity	3,315.9	2,864.4	15.8
CASH FLOWS			
Net cash provided by operating activities	1,100.7	1,599.8	(31.2)
Net cash used in investing activities	(871.3)	(262.7)	231.7
Net cash used in financing activities	(659.0)	(1,542.0)	(57.3)
Net (decrease)/increase in cash held	(429.6)	(204.9)	109.7
PERFORMANCE RATIOS			
Net debt to net debt plus equity (ratio)	28:72	24:76	n/a
Net debt to net debt plus equity including off balance sheet debt (ratio)	55:45	48:52	n/a
Net debt to net debt plus equity including off balance sheet debt and revenue hedge receivables (ratio)	53:47	44:56	n/a
Earnings per share (cents per share)	33.0	42.8	(22.9)
Return on shareholders' funds (percentage)	12.6	18.1	(5.5) points
Return on shareholders' funds including the notional capitalisation of non-cancellable operating leases on a hedged basis (percentage)	10.6	18.3	(7.7) points
Net profit before tax as a percentage of sales and operating revenue (percentage)	5.9	8.4	(2.5) points
Earnings before interest and tax (EBIT) as a percentage of sales revenue and operating (percentage)	6.8	9.6	(2.8) points

* Excludes proceeds on sale (and on sale and leaseback) of non-current assets of \$163.9 million (2000: \$889.7 million), and interest revenue of \$69.0 million (2000: \$88.5 million) which is included in net interest expense.

2001 CONCISE REPORT

QANTAS AIRWAYS LIMITED AND ITS CONTROLLED ENTITIES
ABN 16 009 661 901

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

This Report is 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 thereon, 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 2001

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 2001 and the Audit Report thereon.

DIRECTORS

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

Margaret Jackson (appointed Chairman 1 August 2000)

Gary Pemberton, AC (former Chairman,
retired 1 August 2000)

Geoff Dixon (appointed 1 August 2000)

James Strong (retired 5 March 2001)

Peter Gregg (appointed 13 September 2000)

Gary Toomey (resigned 13 September 2000)

Mike Codd, AC

John Ducker, AO (retired 31 August 2000)

Trevor Eastwood, AM

Rod Eddington (appointed 1 February 2001) #

Jim Kennedy, AO, CBE

Trevor Kennedy, AM

Lord Marshall (appointed 1 July 2000,
resigned 1 February 2001) *

Roger Maynard

John Rishton (appointed as an alternate Director 20 June 2001) ~

John Schubert (appointed 23 October 2000)

Derek Stevens (resigned as a Director 1 July 2000,
retired as an alternate Director 20 June 2001) ^

Nick Tait.

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

Rod Eddington is the Chief Executive Officer 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 John Rishton or Roger Maynard.

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

~ John Rishton is an alternate for Rod Eddington.

^ Derek Stevens resigned as a Director 1 July 2000 and was appointed alternate for Lord Marshall, Chairman of British Airways Plc, 1 July 2000 until 1 February 2001. From 1 February 2001 to 20 June 2001 he was an alternate for Rod Eddington.

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 \$117.8 million (final ordinary dividend of 9 cents per share) for the year ended 30 June 2001 (2000: final ordinary dividend of 11 cents per share and special dividend of 37 cents per share). The final dividend will be fully franked and follows a fully franked interim ordinary dividend of \$141.5 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 21. 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 21 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 be unreasonably prejudicial to the Qantas Group.

Directors' REPORT (continued)

FOR THE YEAR ENDED 30 JUNE 2001

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:

Directors	QANTAS BOARD		AUDIT, RISK & COMPLIANCE COMMITTEE		SAFETY, ENVIRONMENT & SECURITY COMMITTEE		CHAIRMAN'S COMMITTEE		NOMINATIONS COMMITTEE		BOARD COMMITTEE	
	Attended	Held ¹	Attended	Held ¹	Attended	Held ¹	Attended	Held ¹	Attended	Held ¹	Attended	Held ¹
Margaret Jackson	13	13	3 ⁶	3	3 ²	4	4	4	1	1	2	3
Gary Pemberton	1	1										
Geoff Dixon	12	12	2 ²	2	1	1	2 ²	2			3	3
James Strong	8	8	2 ²	2	3	3	3 ²	3			1	2
Peter Gregg	9	9	2 ²	2	1 ²	1					2 ⁵	2
Gary Toomey	2	3	1 ²	1	1 ²	1						
Mike Codd	13	13	3	3	3	3			1	1		
John Ducker	2	2	1	1	1	1						
Trevor Eastwood	11	13	2	2			4	4				
Rod Eddington	2 ⁴	6										
Jim Kennedy	13	13	3 ⁵	3			4	4				
Trevor Kennedy	13	13									2	2
Lord Marshall	5 ³	7										
Roger Maynard	12	13	3	3							1	1
John Schubert	7	8			2	2					1	1
Nick Tait	13	13			4	4	4	4	1	1	2	2

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 Roger Maynard during the 30 June 2001 financial year.

4 When not present in person, represented by an alternate, being Roger Maynard or John Rishton during the 30 June 2001 financial year.

5 Attended one Meeting in an ex-officio capacity.

6 Attended two Meetings in an ex-officio capacity.

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	2001 Number	2000 Number
Margaret Jackson	110,022	95,348
Geoff Dixon	13,718	11,630
Peter Gregg	3,974	1,959
Mike Codd	8,000	8,000
Trevor Eastwood	10,366	–
Jim Kennedy	1,000	1,000
Trevor Kennedy	120,800	120,800
John Schubert	30,000	–

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. Performance 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. The incentives which vest under this Plan are not included in remuneration until they become payable.

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 1999/2000 financial year (refer "Share Entitlements" on page 32).

DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS (continued)

In addition, the service contracts of certain Executive Directors and senior executives provides for the payment of a bonus on the completion of five years' service. This bonus is payable when the executive ceases employment with the Qantas Group and is included in remuneration at that time.

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

Details of the nature and amount of each major element of the emoluments of each Director of Qantas and each of the five named current officers of Qantas and the Qantas Group receiving the highest emoluments are set out below. Details of Executives who departed during the year and whose remuneration fell in the top five highest paid Executives have also been disclosed.

Non-Executive Directors	Fees ¹ \$	Non-Cash Benefits ² \$	Superannuation Contributions \$	Retirement Benefits \$	Total \$
Margaret Jackson	237,083	50,130	8,416	–	295,629
Gary Pemberton	20,833	28,151	1,667	–	50,651
Mike Codd	87,500	39,978	7,000	–	134,478
John Ducker	15,000	20,951	1,200	131,000	168,151
Trevor Eastwood	81,666	37,086	5,200	–	123,952
Rod Eddington ³	27,083	6,580	2,167	–	35,830
Jim Kennedy	85,833	5,286	6,867	–	97,986
Trevor Kennedy	65,000	36,287	5,200	–	106,487
Lord Marshall ³	37,916	–	3,033	–	40,949
Roger Maynard ³	75,000	30,745	6,000	–	111,745
John Rishton ³	–	–	–	–	–
John Schubert	51,250	–	4,100	–	55,350
Derek Stevens ³	–	–	–	–	–
Nick Tait ³	83,333	18,162	6,667	–	108,162

Executive Directors	Fixed Annual Remuneration ⁴ \$	Performance Bonus \$	Non-Cash Benefits ² \$	Termination Payments \$	Total \$
James Strong ⁵	1,426,500	–	50,704	–	1,477,204
Geoff Dixon ⁶	1,150,663	–	15,388	–	1,166,051
Peter Gregg ⁶	566,513	–	38,858	–	605,371
Gary Toomey	362,441	–	20,634	150,000	533,075

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

CURRENT EXECUTIVES

David Burden	552,138	–	81,115	–	633,253
Steve Mann	439,297	–	26,370	–	465,667
David Forsyth	437,674	–	20,978	–	458,652
George Elsey	382,662	–	50,171	–	432,833
Paul Edwards	399,642	–	31,152	–	430,794

FORMER EXECUTIVES

George Dalidakis	167,652	–	21,238	454,382	643,272
Kevin Turnbull	159,631	–	48,135	327,550	535,316

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. 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 James Strong retired as a Director on 5 March 2001. As Mr Strong remained an employee of Qantas until 31 July 2001, the remuneration disclosed above represents the total amount paid to Mr Strong for the full financial year ended 30 June 2001.

6 Geoff Dixon and Peter Gregg were appointed as Directors on 1 August 2000 and 13 September 2000 respectively. The remuneration disclosed above represents the total amounts paid to Mr Dixon and Mr Gregg for the full financial year ended 30 June 2001.

Directors' REPORT (continued)

FOR THE YEAR ENDED 30 JUNE 2001

SHARE ENTITLEMENTS

On 24 November 2000 and 21 February 2001, Qantas awarded 40,550,000 and 760,000 entitlements respectively to be issued shares in Qantas to 162 senior executives under the Qantas Long-Term Executive Incentive Plan. 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 the vesting date 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 Price ³ \$	Expiry Date	Value per Entitlement ⁴ \$	Total Value Awarded \$
Geoff Dixon	1,500,000	3.44	24 November 2008	0.89	1,335,000
Peter Gregg	750,000	3.44	24 November 2008	0.89	667,500

Executive Officers (excluding Directors)	Number of Entitlements ^{1,2}	Exercise Price ³ \$	Expiry Date	Value per Entitlement ⁴ \$	Total Value Awarded \$
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QANTAS AND QANTAS GROUP

David Burden	650,000	3.44	24 November 2008	0.89	578,500
Steve Mann	650,000	3.44	24 November 2008	0.89	578,500
David Forsyth	650,000	3.44	24 November 2008	0.89	578,500
George Eley	430,000	3.44	24 November 2008	0.89	382,700
Paul Edwards	430,000	3.44	24 November 2008	0.89	382,700

Total entitlements outstanding at 30 June 2001 under the Plan are as follows:

Expiry Date	Exercise Price ³ \$	Number of Entitlements		Value per Entitlement	
		2001	2000	2001 \$	2000 \$
17 November 2007	4.99	8,115,500	9,965,000	0.48	0.50
24 November 2008	3.44	35,250,000	—	0.89	n/a
24 November 2008	3.62	760,000	—	0.84	n/a

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 2001 was \$3.50 (30 June 2000: \$3.38).

4 The estimated value per entitlement disclosed above is calculated at 30 June 2001 using an actuarial simulation methodology, taking into account the performance hurdles and the possibility of conversion of vested entitlements before the expiry date.

In addition to the amounts noted above, \$1,000 of Qantas shares were issued on 3 November 2000 for nil consideration under the Qantas Profitshare Scheme to eligible employees (which excludes Non-Executive Directors). This equated to 259 shares per eligible employee at an average price at date of issue of \$3.86. These amounts have been excluded from the above disclosure as they involved no cost to Qantas.

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 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, wilful misconduct or reckless behaviour; 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:



MARGARET JACKSON

Chairman



GEOFF DIXON

Chief Executive Officer

Sydney, 3 September 2001

Statement of FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2001

		QANTAS GROUP	
	Notes	2001 \$M	2000 \$M
SALES AND OPERATING REVENUE			
Net passenger revenue		7,941.8	6,975.6
Net freight revenue		596.3	543.0
Tours and travel revenue		604.3	551.8
Other sources*		1,045.8	1,036.4
Sales and operating revenue	4	10,188.2	9,106.8
EXPENDITURE			
Manpower and staff related		2,549.9	2,295.8
Selling and marketing		1,141.6	1,051.0
Aircraft operating – variable		2,023.0	1,732.7
Fuel and oil		1,329.8	863.2
Property		246.9	215.2
Computer and communication		365.0	352.4
Depreciation and amortisation		706.7	634.0
Non-cancellable operating lease rentals		181.8	127.9
Tours and travel cost of sales		525.7	482.8
Capacity hire, insurance and other		422.0	477.8
Expenditure		9,492.4	8,232.8
EARNINGS BEFORE INTEREST AND TAX (EBIT)			
Borrowing costs		(167.7)	(199.7)
Interest revenue	4	69.0	88.5
Net interest expense		(98.7)	(111.2)
PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE			
Income tax expense relating to ordinary activities	6	(177.4)	(244.9)
NET PROFIT		419.7	517.9
Outside equity interests in net profit		(4.3)	(0.6)
NET PROFIT ATTRIBUTABLE TO MEMBERS OF THE COMPANY		415.4	517.3
NON-OWNER TRANSACTION CHANGES IN EQUITY			
Net exchange differences on translation of financial statements of self-sustaining foreign operations		0.3	1.2
TOTAL CHANGES IN EQUITY FROM NON-OWNER RELATED TRANSACTIONS ATTRIBUTABLE TO MEMBERS OF THE COMPANY		415.7	518.5
BASIC EARNINGS PER SHARE		33.0 cents	42.8 cents
DILUTED EARNINGS PER SHARE		32.6 cents	42.7 cents

* Excludes proceeds on sale (and on sale and leaseback) of non-current assets \$163.9 million (2000: \$889.7 million), and interest revenue of \$69.0 million (2000: \$88.5 million) which is included in net interest expense.

The Statement of Financial Performance should be read in conjunction with the Discussion and Analysis on page 35 and the Notes to the Financial Statements on pages 40 to 45.

Discussion and Analysis of the Statement of **FINANCIAL PERFORMANCE**
FOR THE YEAR ENDED 30 JUNE 2001

	Unit	2001	2000	Increase/ (Decrease) %
GROUP OPERATIONAL STATISTICS AND PERFORMANCE INDICATORS *				
Passengers carried	000	22,147	20,485	8.1
Available seat kilometres (ASKs)	M	92,943	85,033	9.3
Revenue passenger kilometres (RPKs)	M	70,540	64,149	10.0
Revenue seat factor	%	75.9	75.4	0.5 point
Yield (passenger revenue per RPK)	cents	11.26	10.87	3.6
Average full-time equivalent employees	#	31,632	29,217	8.3
Aircraft in service at balance date	#	178	147	31 units
Return on Total Revenue	%	4.1	5.7	(1.6) points
Return on Total Assets	%	3.3	4.3	(1.0) points
Return on Shareholders' Funds	%	12.6	18.1	(5.5) points

* A glossary of terms appears on the inside back cover.

REVIEW OF FINANCIAL PERFORMANCE

- Profit from ordinary activities before income tax of \$597.1 million was down 21.7 per cent on the prior year.
- Profit from ordinary activities included the following individually significant items:
 - a profit on sale of Mascot Head Office land and buildings of \$41.2 million;
 - revenue of \$43.3 million and dividends of \$31.8 million relating to assets sold by an associated company; and
 - a provision for redundancies of \$35.0 million.
- A change in accounting policy relating to the treatment of software development costs resulted in a profit before tax of \$46.0 million being recognised during the year.
- The income tax expense for the year included a credit of \$20.0 million which related to the restatement of deferred tax balances due to changes in the company tax rate.
- Net profit attributable to members of \$415.4 million was down 19.7 per cent on last year.
- The fully franked final ordinary dividend of 9.0 cents per share brings fully franked ordinary dividends for the year to 20.0 cents per share, 2.0 cents lower than last year. No special dividend was declared in the current year (2000: 37.0 cents per share, fully franked).
- Earnings per share decreased by 22.9 per cent to 33.0 cents.
- Return on shareholders' equity decreased by 5.5 percentage points to 12.6 per cent whilst return on total gross assets decreased by 1.7 percentage points to 13.7 per cent.

REVIEW OF SALES AND OPERATING REVENUE

- Sales and operating revenue increased by 11.9 per cent to \$10,188.2 million due to:
 - an increase in net passenger revenue of 13.9 per cent to \$7,941.8 million due to growth in Revenue Passenger Kilometres (RPKs) of 10.0 per cent together with the favourable impact of foreign exchange. This was partially offset by a deterioration in yield of 1.9 per cent when the favourable impact of foreign exchange is removed; and
 - an increase in non-passenger revenue of 5.4 per cent to \$2,246.4 million primarily due to increases in freight revenue, contract work revenue and tours and travel revenue.

REVIEW OF EXPENDITURE

- Total expenditure increased by 15.3 per cent on capacity growth of 9.3 per cent. Significant movements include:
 - higher manpower and staff-related expenditure of 11.1 per cent due to revised wage agreements and the increase in full-time employees as a result of greater activity;
 - aircraft operating expenditure which includes maintenance material costs, crew expenses, route navigation and landing fees increased by 16.8 per cent, primarily due to additional activity and the adverse impact of exchange rate movements;
 - increases in fuel and oil expenditure of 54.1 per cent were a direct result of higher jet fuel prices, additional flying and the weaker Australian dollar. These cost increases were partially offset by additional fuel hedging benefits of \$406.0 million;
 - increased depreciation and amortisation of 11.5 per cent reflecting capital expenditure on aircraft acquisitions, reconfigurations and engine modifications; and
 - increased non-cancellable operating lease rentals of 42.1 per cent mainly due to leasing of aircraft from British Airways.

REVIEW OF OTHER STATEMENT OF FINANCIAL PERFORMANCE ITEMS

- Net interest expense decreased by 11.2 per cent due to lower average net debt.
- Income tax expense, excluding the \$20 million restatement of deferred tax balances, decreased by 19.4 per cent in line with reduced profitability. The effective tax rate was 33.1 per cent.

IMPACT OF EXCHANGE RATES ON THE STATEMENT OF FINANCIAL PERFORMANCE

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

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 \$61.0 million adverse.

Statement of FINANCIAL POSITION

AS AT 30 JUNE 2001

	Notes	QANTAS GROUP	
		2001 \$M	2000 \$M
CURRENT ASSETS			
Cash		145.5	118.2
Receivables		1,496.2	1,742.5
Net receivables under hedge/swap contracts		241.5	200.9
Inventories		332.9	267.9
Other		142.7	108.3
Total current assets		2,358.8	2,437.8
NON-CURRENT ASSETS			
Receivables		569.9	603.0
Net receivables under hedge/swap contracts		2,135.3	1,758.4
Investments		56.4	43.0
Property, plant and equipment		7,324.4	7,108.7
Intangibles		21.5	25.0
Deferred tax assets		30.9	13.3
Other		16.4	17.9
Total non-current assets		10,154.8	9,569.3
Total assets		12,513.6	12,007.1
CURRENT LIABILITIES			
Accounts payable		2,049.1	1,869.2
Interest-bearing liabilities		974.7	582.4
Net payables under hedge/swap contracts		257.9	233.5
Provisions		512.8	926.7
Current tax liabilities		(8.8)	119.9
Revenue received in advance		1,187.8	1,181.0
Deferred lease benefits/income		39.8	41.6
Total current liabilities		5,013.3	4,954.3
NON-CURRENT LIABILITIES			
Interest-bearing liabilities		2,355.6	2,530.8
Net payables under hedge/swap contracts		576.7	419.5
Provisions		360.4	341.4
Deferred tax liabilities		496.1	405.6
Deferred lease benefits/income		381.6	439.0
Other		14.0	52.1
Total non-current liabilities		4,184.4	4,188.4
Total liabilities		9,197.7	9,142.7
Net assets		3,315.9	2,864.4
EQUITY			
Contributed equity	9	2,173.0	1,882.0
Reserves		54.3	54.0
Retained profits	7	1,078.0	926.8
Equity attributable to Members of the Company		3,305.3	2,862.8
Outside equity interests in controlled entities		10.6	1.6
Total equity		3,315.9	2,864.4

The Statement of Financial Position should be read in conjunction with the Discussion and Analysis on page 37 and the Notes to the Financial Statements on pages 40 to 45.

Discussion and Analysis of the Statement of **FINANCIAL POSITION**

AS AT 30 JUNE 2001

The net assets of the Qantas Group increased by 15.8 per cent to \$3,315.9 million during the past financial year. The major items are discussed below.

REVIEW OF ASSETS

- Current receivables decreased by 14.1 per cent due to a reduction in short-term money market securities and term deposits in line with cash management requirements. The decrease has been offset by a growth in trade debtors in line with increased operational activity.
- Net receivables/payables under hedge/swap contracts increased by 18.1 per cent to \$1,542.2 million primarily due to the movement in foreign exchange rates. Net receivables/payables under hedge/swap contracts represents:
 - deferred gains/losses on 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 24.3 per cent due to the growth in the level of inventory required to support the increased fleet size, reconfiguration of aircraft and maintenance.
- Property, plant and equipment increased by 3.0 per cent primarily due to progress payments under the new aircraft fleet, spare parts purchased and expenditure on property projects, offset by the sale of the Mascot Head Office land and buildings.

REVIEW OF LIABILITIES

- The growth in accounts payable and total interest-bearing liabilities reflects the increase in operational activity and the issue of a \$200 million medium term note in November 2000. The split between non-current and current liabilities has changed due to hire purchase and lease residuals transferring to current liabilities in accordance with the lease contracts.
- Total provisions decreased by 31.1 per cent due to a reduction in the dividend provision, as there is no special dividend payment for 2001.
- A reduction in current tax liabilities is a result of the lower corporate tax rate, lower taxable profit and the timing of tax payments.

REVIEW OF EQUITY

- Contributed equity increased by \$291 million as a result of the issue of 97.5 million shares, 90.6 million as part of the Qantas Dividend Reinvestment Plan and 6.9 million under the Qantas Profitshare Scheme.

GEARING

Qantas Group gearing (including the notional capitalisation of non-cancellable leases) on a hedged basis at 30 June 2001 was 53:47 compared to 49:51 at December 2000 and 44:56 at 30 June 2000. The increase in gearing is principally a result of fleet expansion and deposits for future aircraft deliveries.

The Qantas Dividend Reinvestment Plan was reinstated prior to the payment of the special dividend in December 2000. This reintroduction provided additional 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 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 equity.

Statement of **CASH FLOWS**

FOR THE YEAR ENDED 30 JUNE 2001

QANTAS GROUP

	2001 \$M	2000 \$M
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	10,527.8	9,066.6
Payments to suppliers and employees	(9,145.5)	(7,135.8)
Interest received	69.9	90.5
Interest paid	(151.8)	(175.5)
Dividends received	43.8	26.9
Income taxes paid	(243.5)	(272.9)
Net cash provided by operating activities	1,100.7	1,599.8
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(995.5)	(1,141.8)
Receipts/(payments) for aircraft security deposits	44.4	(10.6)
Total payments for purchases of property, plant, equipment and aircraft security deposits	(951.1)	(1,152.4)
Proceeds from sale of property, plant and equipment	16.4	10.3
Proceeds from sale and leaseback of property, plant and equipment	147.5	819.0
Proceeds from sale of investments	–	60.4
Payments for investments, net of cash acquired	(17.1)	–
Loans to associates	(67.0)	–
Net cash used in investing activities	(871.3)	(262.7)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings/swaps	(1,028.0)	(798.9)
Debt prepayments on sale and leaseback of property, plant and equipment	–	(819.0)
Total debt repayments	(1,028.0)	(1,617.9)
Proceeds from borrowings	804.8	505.9
Proceeds from the issue of shares	19.0	–
Dividends paid	(454.8)	(430.0)
Net cash used in financing activities	(659.0)	(1,542.0)
RECONCILIATION OF CASH PROVIDED BY/(USED IN):		
Operating activities	1,100.7	1,599.8
Investing activities	(871.3)	(262.7)
Financing activities	(659.0)	(1,542.0)
Net decrease in cash held	(429.6)	(204.9)
Cash at the beginning of the financial year	688.8	893.7
Cash at the end of the financial year	259.2	688.8

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 45.

Discussion and Analysis of the Statement of **CASH FLOWS**

FOR THE YEAR ENDED 30 JUNE 2001

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 from operations decreased to \$1,100.7 million, a reduction of \$499.1 million or 31.2 per cent on the prior year. This reduction was mainly due to lower profitability, increased inventory as a result of fleet growth and unfavourable movements in working capital partly caused by foreign exchange rates.
- Net interest payments were at a level comparable with the prior year.
- Income tax payments were lower due to reduced profitability and the change in corporate tax rates.
- Dividends received increased due to higher dividends from associates.

REVIEW OF CASH FLOWS FROM INVESTING ACTIVITIES

- Cash flows used in investing activities increased by \$608.6 million to \$871.3 million. The prior period's cash outflows were significantly reduced due to proceeds of \$819.0 million resulting from the sale and leaseback of three 747-400 and one 767-300 aircraft and proceeds of \$60.4 million for the part sale of EQUANT NV. The current year reflects the sale and leaseback of the Mascot Head Office land and buildings, which generated proceeds of \$147.5 million.
- Total capital expenditure of \$995.5 million for the year predominantly related to aircraft progress payments made under the new fleet plan, aircraft reconfiguration costs and engine modifications and spares.
- Investments made during the year include the acquisition of the remaining 51% interest in Caterair Airport Services Pty Limited together with the purchase of interests in Impulse Airlines, corProcure, SITA and Travel Exchange Asia.
- Loans to associates relate to advances made to Impulse Airlines as part of the commercial arrangements entered into during the year.

REVIEW OF CASH FLOWS FROM FINANCING ACTIVITIES

- Cash flows used in financing activities decreased by \$883.0 million to \$659.0 million:
- Proceeds from borrowings included the issue of a \$200 million medium term note in November 2000 and the \$300 million drawdown of a bank syndicated loan facility in May 2001.
- Current year debt repayments comprised the repayment of short-term borrowings, loans and leases.
- Proceeds from the issue of shares relate to the cash received from underwriters as part of the Dividend Reinvestment Plan.

Notes to the **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2001

1. BASIS OF PREPARATION OF THE CONCISE FINANCIAL REPORT

The Concise Financial Report has been prepared in accordance with the Corporations Act 2001, 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 full 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.

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.

2. RECLASSIFICATION OF FINANCIAL INFORMATION

Some line items and sub-totals reported in the previous financial year have been reclassified and repositioned in the financial statements as a result of the first time application on 1 July 2000 of the revised standards AASB 1018 Statement of Financial Performance, AASB 1034 Financial Report Presentation and Disclosures and the new AASB 1040 Statement of Financial Position.

Adoption of these standards has resulted in the transfer of the reconciliation of opening to closing retained profits from the face of the Statement of Financial Performance to note 7.

Revenue and expense items previously disclosed as abnormal have been reclassified and are now disclosed as individually significant items in note 5. These items are no longer identified separately on the face of the Statement of Financial Performance.

The following assets and liabilities have been removed from previous classifications and are now disclosed as separate line items on the face of the Statement of Financial Position:

- Deferred tax assets, previously presented within other non-current assets.
- Current tax liabilities, previously presented within other current provisions.
- Deferred tax liabilities, previously presented within other non-current provisions.

3. CHANGE IN ACCOUNTING POLICY

REVALUATION OF NON-CURRENT ASSETS

The Qantas Group has applied AASB 1041 Revaluation of Non-Current Assets (reissued July 2001) for the first time from 1 July 2000.

The standard requires each class of non-current asset to be measured on either the cost or fair value basis. AASB 1041 does not apply to inventories, foreign currency monetary assets, goodwill, deferred tax assets and other assets measured at net market value where the market value movements are recognised in the Statement of Financial Performance.

Under AASB 1041 the Qantas Group has adopted the cost basis for all non-current assets and has deemed the cost to be equal to the carrying value of those assets as at 1 July 2000. As a consequence of making this election the balance of the asset revaluation reserve at 1 July 2000 amounting to \$52.6 million is no longer available for asset write-downs. The change in accounting policy has no financial effect in the current or prior financial years.

CAPITALISATION OF SOFTWARE DEVELOPMENT COSTS

During the financial year, the Qantas Group changed its accounting policy in relation to major software development projects. Costs incurred on major projects of this type are now capitalised and amortised in accordance with AASB 1021 Depreciation, where they result in future economic benefits to the business. The previous policy was to expense all software-related costs as incurred.

This accounting policy has been changed to bring treatment of software development projects into line with that adopted for other major infrastructure and business system projects undertaken by the Qantas Group.

3. CHANGE IN ACCOUNTING POLICY (continued)

CAPITALISATION OF SOFTWARE DEVELOPMENT COSTS (continued)

The change in accounting policy has resulted in an increase of \$32.2 million in the Qantas Group net profit for the year ended 30 June 2001. This profit increase comprises the following:

	Year ended 30 June 2001 \$M	Year Ended 30 June 2000 \$M	Prior Years \$M	Total \$M
Impact of change in accounting policy on profit before tax:				
Software costs capitalised	31.8	16.8	26.3	74.9
Associated depreciation	(15.0)	(8.6)	(5.3)	(28.9)
Increase in profit before tax	16.8	8.2	21.0	46.0
Tax impact	(5.0)	(2.5)	(6.3)	(13.8)
Increase in net profit	11.8	5.7	14.7	32.2

QANTAS GROUP	
2001 \$M	2000 \$M

4. REVENUE FROM ORDINARY ACTIVITIES

REVENUE

REVENUE FROM OPERATING ACTIVITIES

Sales and operating revenue		
Related parties		
– associated companies	77.1	112.1
– other related parties	26.8	39.0
Other parties	10,023.4	8,921.0
Dividend revenue		
Related parties		
– associated companies	60.9	32.4
Other parties	–	2.3
Sales and operating revenue	10,188.2	9,106.8

REVENUE FROM OUTSIDE OPERATING ACTIVITIES

Interest revenue		
Other parties	69.0	88.5
Proceeds from sale of property, plant and equipment	16.4	10.3
Proceeds from sale of investments	–	60.4
Proceeds from sale and leaseback transactions	147.5	819.0
Total revenue	10,421.1	10,085.0

Notes to the **FINANCIAL STATEMENTS** (continued)

FOR THE YEAR ENDED 30 JUNE 2001

	QANTAS GROUP	
	2001 \$M	2000 \$M
5. INDIVIDUALLY SIGNIFICANT ITEMS INCLUDED IN PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		
Change in accounting policy for software development costs	46.0	–
Profit on sale of Mascot Head Office land and buildings	41.2	–
Revenue relating to assets sold by an associated company	43.3	–
Provision for redundancy costs	(35.0)	–
Profit on sale of investment in EQUANT NV	–	57.8

6. INDIVIDUALLY SIGNIFICANT ITEM INCLUDED IN INCOME TAX EXPENSE

Tax credit arising from the restatement of deferred tax balances due to the change in the company tax rate	20.0	45.0
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7. RETAINED PROFITS

Retained profits at the beginning of the year	926.8	1,124.1
Net profit attributable to members of the Company	415.4	517.3
Dividends*	(264.2)	(714.6)
Retained profits at the end of the year	1,078.0	926.8

* Includes dividends paid to Outside Equity Interests and on shares issued to employees as part of the Qantas Profitshare Scheme.

8. DIVIDENDS

Dividends proposed or paid by Qantas are:

Type	Cents per Share	Total Amount \$M	Date of Payment	Franked Tax Rate %	Percentage Franked %
2001 Interim ordinary	11.0	141.5	4 April 2001	34	100
2001 Final ordinary	9.0	117.8	3 October 2001	30	100
	20.0	259.3			
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	1 December 2000	34	100
	59.0	714.6			

QANTAS GROUP2001
\$M2000
\$M**8. DIVIDENDS (continued)**

	2001 \$M	2000 \$M
Total franking account balance at 30.0 per cent (2000: 34.0 per cent)	241.4	174.2

The above amount represents the balance of the franking accounts as at 30 June 2001, 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.

9. TOTAL EQUITY RECONCILIATION

Total equity at the beginning of the year	2,864.4	3,059.9
Total changes in equity recognised in the Statement of Financial Performance	415.7	518.5
Contributions of equity	291.0	–
Dividends	(264.2)	(714.6)
Total changes in outside equity interest	9.0	0.6
Total equity at the end of the year	3,315.9	2,864.4

Contributed equity 1,308,612,512 (2000: 1,211,059,282) ordinary shares, fully paid	2,173.0	1,882.0
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10. 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.

Notes to the **FINANCIAL STATEMENTS** (continued)

FOR THE YEAR ENDED 30 JUNE 2001

QANTAS GROUP

2001
\$M

2000
\$M

10. SEGMENT INFORMATION (continued)

ANALYSIS OF TOTAL REVENUE BY GEOGRAPHIC REGION

Passenger, freight and services revenue		
Australia	4,788.9	4,618.7
United Kingdom and Europe	1,003.3	855.8
Japan	761.6	631.0
South East Asia/North East Asia	830.8	646.0
Americas and the Pacific	989.9	783.5
Other regions	392.6	308.7
	8,767.1	7,843.7
Other operating revenue		
Tours and travel revenue	604.3	551.8
Miscellaneous revenue	816.8	711.3
Sales and operating revenue	10,188.2	9,106.8
Other revenue		
Interest revenue	69.0	88.5
Proceeds from sale of property, plant and equipment	16.4	10.3
Proceeds from sale of investments	–	60.4
Proceeds from sale and leaseback transactions	147.5	819.0
Total other revenue	232.9	978.2
Total revenue	10,421.1	10,085.0

SEGMENTAL ANALYSIS OF NET ASSETS AND PROFIT CONTRIBUTION

For the financial year ended 30 June 2001, the principal assets of the Qantas Group comprised the aircraft fleet, all, except one, 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.

Earnings before interest and tax		
International airline operations	458.7	374.8
Domestic airline operations	127.4	272.0
Profit on the sale of investment EQUANT NV	–	57.8
	586.1	704.6
Subsidiary operations		
Qantas Holidays Group	33.5	28.1
QantasLink Group	6.4	67.2
Qantas Flight Catering Group	54.3	39.4
Other subsidiaries	15.5	34.7
Total subsidiary operations	109.7	169.4
Earnings before interest and tax	695.8	874.0

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

QANTAS GROUP

2001 \$M	2000 \$M
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11. CONTINGENT LIABILITIES**RELATED PARTIES**

Guarantees and letters of comfort to support operating lease commitments and other arrangements entered into with other parties by controlled entities	24.4	15.2
Guarantees and letters of comfort to support leveraged and operating lease commitments to other parties on behalf of associated companies	0.1	3.0
	24.5	18.2

OTHER PARTIES

General guarantees in the normal course of business	137.1	118.5
Contingent liabilities relating to current and threatened litigation	36.0	33.7
	173.1	152.2
	197.6	170.4

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 \$315.9 million (2000: \$244.1 million) in the event the agreements are terminated prior to expiry of the loans.

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 \$537.6 million (2000: \$562.6 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 2001, total unrealised exchange losses on hedges of net revenue designated to service long-term debt were \$329.6 million compared to \$374.7 million as at 30 June 2000.

12. 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 2001, set out on pages 34 to 45:

- (a) has been derived from or is consistent with the full 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:



MARGARET JACKSON

Chairman

Sydney, 3 September 2001



GEOFF DIXON

Chief Executive Officer

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 2001, consisting of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, accompanying notes, and the accompanying discussion and analysis on the Statement of Financial Performance, Statement of Financial Position, and Statement of Cash Flows (set out on pages 34 to 45) 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 2001. Our audit report on the full Financial Report was signed on 3 September 2001, 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 full 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.

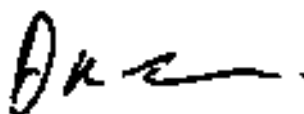
The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion, the Concise Financial Report of Qantas Airways Limited and its controlled entities for the financial year ended 30 June 2001 complies with Accounting Standard AASB 1039 Concise Financial Reports.



KPMG



DOUG JUKES

Partner

Sydney, 3 September 2001

Shareholder INFORMATION

The shareholder information set out below was applicable as at 28 August 2001.

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*	20,748,175	37,919	1.59
1,001–5,000	209,754,719	105,411	16.03
5,001–10,000	63,883,216	8,999	4.88
10,001–100,000	81,377,095	4,038	6.22
100,001 and over	932,849,307	198	71.28
	1,308,612,512	156,565	100.00

* 4,730 shareholders hold less than a marketable parcel of shares in Qantas Airways Limited.

ON-MARKET BUY BACKS

There is no current on-market buy back.

TWENTY LARGEST SHAREHOLDERS

Shareholder	Ordinary Shares Held	% of Issued Shares
British Airways Investments (Australia) Pty Limited	327,153,128	25.00
Chase Manhattan Nominees Limited	173,871,322	13.29
National Nominees Limited	86,798,754	6.63
Westpac Custodian Nominees Limited	79,598,253	6.08
AMP Life Limited	23,997,745	1.83
J P Morgan Custodial Services Pty Limited	23,536,438	1.80
Queensland Investment Corporation	22,218,677	1.70
Commonwealth Custodial Services Limited	20,346,525	1.55
MLC Limited	18,137,894	1.39
Perpetual Trustees Nominees Limited	14,735,662	1.13
ANZ Nominees Limited	13,550,064	1.04
Citicorp Nominees Pty Limited	10,953,057	0.84
HSBC Custody Nominees (Australia) Limited	10,383,393	0.79
Zurich Australia Limited	6,799,975	0.52
AMP Nominees Pty Limited	6,238,443	0.48
ING Life Limited	5,379,000	0.41
Perpetual Nominees Limited	3,778,887	0.29
Commonwealth Life Limited	3,740,330	0.29
Victorian Workcover Authority	3,388,915	0.26
Government Superannuation Office Victoria	3,188,361	0.24

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	327,153,128	25.00
Capital Group Companies Inc.	77,647,316	5.93
Principal Mutual Holding Company	73,105,994	5.59

Five Year SUMMARY

QANTAS GROUP FOR THE YEAR ENDED 30 JUNE

	Unit	2001	2000	1999	1998	1997
STATEMENT OF FINANCIAL PERFORMANCE						
SALES AND OPERATING REVENUE*	\$M	10,188.2	9,106.8	8,448.7	8,131.5	7,834.4
Expenditure	\$M	(9,492.4)	(8,232.8)	(7,686.1)	(7,549.8)	(7,334.4)
EARNINGS BEFORE INTEREST AND TAX	\$M	695.8	874.0	762.6	581.7	500.0
Net interest expense	\$M	(98.7)	(111.2)	(100.1)	(103.7)	(96.3)
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX	\$M	597.1	762.8	662.5	478.0	403.7
Income tax expense	\$M	(177.4)	(244.9)	(241.6)	(173.0)	(151.0)
NET PROFIT	\$M	419.7	517.9	420.9	305.0	252.7
Outside equity interests in net (profit)/loss	\$M	(4.3)	(0.6)	0.7	(0.2)	-
Net profit attributable to Members of the Company for the year	\$M	415.4	517.3	421.6	304.8	252.7
Net profit attributable to Members of the Company for the six months to 31 December	\$M	262.9	337.8	222.9	165.8	151.6
Net profit attributable to Members of the Company for the six months to 30 June	\$M	152.5	179.5	198.7	139.0	101.1
SHARE INFORMATION						
Earnings per share	cents	33.0	42.8	35.4	26.8	23.6
Dividends per share	cents	20.0	59.0	32.5	13.5	13.0
Dividend payout ratio	%	60.6	137.9	91.8	50.4	55.1
Share price – high	\$	4.25	5.28	5.00	3.21	3.15
Share price – low	\$	2.36	3.12	2.27	2.13	1.79
Share price – closing	\$	3.50	3.38	4.99	2.43	3.10
Weighted average number of ordinary shares	M	1,258.5	1,209.3	1,189.7	1,138.6	1,069.6
Net tangible asset backing per share	\$	2.51	2.34	2.52	2.49	2.38
EARNINGS BEFORE INTEREST AND TAX						
International airline operations	\$M	458.7	374.8	308.3	271.9	274.7
Domestic airline operations	\$M	127.4	272.0	256.8	213.4	168.3
Subsidiary operations	\$M	109.7	169.4	136.7	96.4	74.2
Items previously shown as abnormal	\$M	-	57.8	60.8	-	(17.2)
Earnings before interest and tax	\$M	695.8	874.0	762.6	581.7	500.0
PERFORMANCE INDICATORS						
Interest cover	times	7.0	7.9	7.6	5.6	5.2
Return on shareholders' equity (excl operating leases)	%	12.6	18.1	13.8	10.3	9.5
Return on shareholders' equity (incl operating leases)	%	10.6	18.3	14.6	10.8	10.8
STATEMENT OF CASH FLOWS						
Net cash provided by operating activities	\$M	1,100.7	1,599.8	1,208.3	1,218.4	1,110.8
Net cash used in investing activities	\$M	(871.3)	(262.7)	(628.9)	(668.0)	(71.1)
Net cash used in financing activities	\$M	(659.0)	(1,542.0)	(396.4)	(592.3)	(744.3)
Net (decrease)/increase in cash held	\$M	(429.6)	(204.9)	183.0	(41.9)	295.4
CAPITAL EXPENDITURE	\$M	995.5	1,141.8	1,233.3	673.0	610.6
STATEMENT OF FINANCIAL POSITION						
Total assets	\$M	12,513.6	12,007.1	11,226.6	10,358.8	9,852.1
Total liabilities	\$M	9,197.7	9,142.7	8,166.7	7,396.4	7,181.1
Net assets	\$M	3,315.9	2,864.4	3,059.9	2,962.4	2,671.0
Contributed equity	\$M	2,173.0	1,882.0	1,882.0	1,177.3	1,111.7
Reserves	\$M	54.3	54.0	52.8	689.0	609.9
Retained profits	\$M	1,078.0	926.8	1,124.1	1,094.1	947.4
Outside equity interests in controlled entities	\$M	10.6	1.6	1.0	2.0	2.0
Total shareholders' equity	\$M	3,315.9	2,864.4	3,059.9	2,962.4	2,671.0
STATEMENT OF FINANCIAL POSITION STATISTICS						
Net debt on balance sheet	\$M	1,316.4	925.8	782.8	737.4	1,049.1
Net debt including off balance sheet debt	\$M	3,793.9	2,503.6	2,134.7	2,226.8	2,680.7
Net debt including off balance sheet debt and revenue hedge receivables	\$M	3,464.3	2,128.9	1,862.5	1,856.8	2,461.3
Net debt to net debt plus equity	ratio	28:72	24:76	20:80	20:80	28:72
Net debt to net debt plus equity including off balance sheet debt	ratio	55:45	48:52	42:58	44:56	51:49
Net debt to net debt plus equity including off balance sheet debt and revenue hedge receivables	ratio	53:47	44:56	39:61	40:60	49:51

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

Five Year **SUMMARY** (continued)

QANTAS GROUP FOR THE YEAR ENDED 30 JUNE

Unit	2001	2000	1999	1998	1997
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OPERATIONAL STATISTICS

INTERNATIONAL – SCHEDULED SERVICES

TRAFFIC AND CAPACITY

Passengers carried	000	7,763	6,953	6,581	6,623	6,698
Revenue passenger kilometres (RPKs)	M	53,682	48,236	45,178	44,511	45,266
Available seat kilometres (ASKs)	M	71,247	64,879	62,679	63,034	63,169
Revenue seat factor	%	75.3	74.3	72.1	70.6	71.7
Revenue freight tonne kilometres (RFTKs)	M	1,859	1,718	1,783	1,829	1,759
Available freight tonne kilometres (AFTKs)	M	2,617	2,398	2,565	3,085	2,872

DOMESTIC – SCHEDULED SERVICES

TRAFFIC AND CAPACITY

Passengers carried	000	11,218	10,646	10,111	9,738	9,622
Revenue passenger kilometres	M	14,790	13,959	12,956	12,415	12,385
Available seat kilometres	M	18,695	17,369	16,554	15,952	15,882
Revenue seat factor	%	79.1	80.4	78.3	77.8	78.0

CORE AIRLINE PERFORMANCE STATISTICS

TRAFFIC AND CAPACITY

Passengers carried	000	18,981	17,599	16,692	16,361	16,320
Revenue passenger kilometres	M	68,472	62,195	58,134	56,926	57,651
Available seat kilometres	M	89,942	82,248	79,233	78,986	79,051
Revenue seat factor	%	76.1	75.6	73.4	72.1	72.9
Average passenger journey length	km	3,607	3,534	3,483	3,479	3,533
Available tonne kilometres (ATKs)	M	12,187	11,117	10,928	11,151	10,887

FINANCIAL

Passenger yield (per RPK)	cents	10.84	10.42	10.34	10.16	9.82
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PRODUCTIVITY

Average full-time employee strength	#	25,604	24,304	23,411	23,749	24,620
RPKs per employee	000	2,674	2,559	2,483	2,397	2,342
ASKs per employee	000	3,513	3,384	3,384	3,326	3,211
Aircraft utilisation (average per day)	hrs	11.5	11.6	11.6	11.7	12.1

QANTAS GROUP PERFORMANCE STATISTICS

TRAFFIC AND CAPACITY

Passengers carried	000	22,147	20,485	19,236	18,865	18,606
Revenue passenger kilometres	M	70,540	64,149	59,863	58,619	59,199
Available seat kilometres	M	92,943	85,033	81,765	81,537	81,440
Revenue seat factor	%	75.9	75.4	73.2	71.9	72.7
Aircraft in service at balance date	#	178	147	135	146	148

FINANCIAL

Passenger yield (per RPK)	cents	11.26	10.87	10.75	10.56	10.15
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PRODUCTIVITY

Average full-time equivalent employees	#	31,632	29,217	28,226	28,934	30,080
RPKs per employee	000	2,230	2,196	2,121	2,026	1,968
ASKs per employee	000	2,938	2,910	2,897	2,818	2,707

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.

Corporate Directory

REGISTERED OFFICE

Qantas Airways Limited
ABN 16 009 661 901
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

Level 2
60 Carrington Street
Sydney NSW 2000
Australia

Toll Free 1800 177 747
International 61 2 8234 5470
Facsimile 61 2 8234 5435

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

2001

30 June	Year end
16 August	Preliminary final result announcement
5 September	Record date for final dividend
3 October	Final dividend payable
18 October	Annual General Meeting, Melbourne

2002

21 February	Half year result announcement
13 March	Record date for interim dividend
10 April	Interim dividend payable
30 June	Year end
22 August	Preliminary final result announcement
4 September	Record date for final dividend
2 October	Final dividend payable
17 October	Annual General Meeting, Perth

NOTICE OF MEETING

The Annual General Meeting of Qantas Airways Limited will be held at 2:00 p.m. on Thursday, 18 October 2001 in the Melbourne Concert Hall of the Victorian Arts Centre, Melbourne.

FINANCIAL REPORT

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

