QANTAS AIRWAYS LIMITED AND CONTROLLED ENTITIES

PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED
30 JUNE 2007

ABN 16 009 661 901

ASX CODE: QAN

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

	June 2007 $m	June 2006 $m	Change $m	Change %
Sales and other income	15,165.7	13,660.6	1,505.1	up 11.0%
Profit for the year attributable to members	719.4	479.5	239.9	up 50.0%

DIVIDENDS

31 December 2006 special dividend - paid 19 March 2007	
Amount per security (cents)	15.0
Franked amount per security at 30% tax	15.0
30 June 2007 final dividend - to be paid 26 September 2007	
Amount per security (cents)	15.0
Franked amount per security at 30% tax	15.0
Record date for determining entitlement to the dividend	31 August 2007
Date the dividend is payable	26 September 2007
Total dividend declared ($m)	297.7

As announced on 8 February 2007, the Qantas Board suspended the Dividend Reinvestment Plan (DRP). The suspension was effected pursuant to Rule 12(a) of the DRP, which entitles the Qantas Board to terminate or suspend the DRP at any time on giving notice to DRP participants of the termination of suspension (and the previous ASX disclosure was deemed to constitute such notification). This means that the final dividend cannot be applied to acquire further Qantas shares under the DRP.

EXPLANATION OF RESULTS

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

The information provided in this report contains all the information required by ASX Listing Rule 4.3A.

OTHER INFORMATION

	June 2007 $	June 2006 $
Net Tangible Assets per ordinary share	**2.93**	**2.95**

Entities over which control was gained or lost during the year:

On 15 December 2006, the remaining 50% interest in Jet Turbine Services Pty Limited was acquired by the Qantas Group. In the prior year the company was equity accounted as a jointly controlled entity.

On 30 May 2007 Qantas, via a controlled entity, issued a convertible loan of $22.8 million to Jupiter Global Limited (Jupiter), for it to acquire the remaining interest in DPEX Transport Group Pte Limited (DPEX). On the same day Qantas entered into a Share Mortgage Agreement and a Call Option Agreement over Jupiter's interest in DPEX. These agreements, together with the loan funding and Board control exerted by Qantas, limit the financial and operating control that Jupiter could exert over DPEX. Despite no shareholding in DPEX, Qantas controlled the entity from 31 May 2007. Qantas has the intention of exercising the option to acquire the remaining shares for $10.7 million in August 2007.

In addition, the Qantas Group incorporated the following wholly-owned companies during the year: Jetstar Holidays Co. Ltd, Tour East Australia Pty Limited, Qantas Asia Investment Company Pty Limited, Qantas Asia Investment Company (Singapore) Pte Ltd, Qantas Freight Holdings Pty Limited and Qantas Freight Asia Holdings Pte Limited.

Details of associates and jointly controlled entities

Equity accounted associates and jointly controlled entities	Percentage of ownership interest held at end of year or date of disposal		Contribution to net profit	
	June 2007 %	**June 2006 %**	**June 2007 $m**	**June 2006 $m**
Air Pacific Limited	46.3	46.3	0.7	8.4
Australian air Express Pty Limited	50.0	50.0	15.5	14.3
Fiji Resorts Limited [1]	20.6	-	12.6	-
Hallmark Aviation Services LP	49.0	49.0	1.8	0.8
Harvey Holidays Pty Limited	50.0	50.0	1.1	1.0
HT & T Travel (Phillipines) Inc.	28.1	28.1	0.1	-
Holidays Tours and Travel (Thailand) Limited	36.8	36.8	-	-
Holidays Tours and Travel Vietnam Joint Venture Company	36.8	36.8	-	-
Jet Turbine Services Pty Limited [2]	-	50.0	(1.9)	(4.6)
Jupiter Air Oceania Limited	47.6	47.6	(0.2)	-
Kilda Express Pte Limited	50.0	-	-	-
Orangestar Investment Holdings Pte Limited [3,4]	45.0	45.0	(0.3)	(0.7)
Star Track Express Holdings Pty Limited	50.0	50.0	17.4	16.5
TET Limited	36.8	36.8	0.7	0.2
Thai Air Cargo Company Limited [5]	-	49.0	-	0.9
Travel Software Solutions Pty Limited	50.0	50.0	(1.0)	2.1
Total			**46.5**	**38.9**

1 This investment was reclassified from Other investments to Investments accounted for using the equity method during the year.
2 Qantas acquired the remaining 50% equity in Jet Turbine Services Pty Limited on 15 December 2006. Qantas ceased to equity account the results of Jet Turbine Services Pty Limited from this date.
3 On 29 December 2006, the Board of Orangestar Investment Holdings Pte Limited approved the issuing of an optional convertible note to shareholders. This convertible note had not been issued at 30 June 2007.
4 During the year the investment in Orangestar Investment Holdings Pte Limited ceased to be equity accounted as losses reduced the value of the investment to below zero. The amount of losses not recognised as at 30 June 2007 was $1.0 million.
5 On 21 August 2006, Qantas sold its share of Thai Air Cargo Company Limited to the other joint venture partner. Losses from the venture had previously been equity accounted and no further losses were recognised on disposal of the investment.

CONSOLIDATED INCOME STATEMENT

for the year ended 30 June 2007

	June 2007 $m	June 2006 $m
Sales and Other Income		
Net passenger revenue	11,911.9	10,504.0
Net freight revenue	902.5	887.8
Tours and travel revenue	767.5	719.4
Contract work revenue	434.3	469.0
Other [1,2,3]	1,149.5	1,080.4
	15,165.7	**13,660.6**
Expenditure		
Manpower and staff related [4]	3,334.7	3,321.7
Aircraft operating variable	2,616.4	2,525.3
Fuel	3,336.8	2,802.3
Selling and marketing	503.4	469.6
Property	350.5	320.1
Computer and communication	527.0	487.5
Tours and travel	641.7	591.2
Capacity hire	303.2	369.6
Ineffective derivatives - closed positions	67.6	71.3
Other [2,5]	651.8	436.8
Depreciation and amortisation	1,362.7	1,249.8
Non-cancellable operating lease rentals	415.3	355.7
Share of net profit of associates and jointly controlled entities	(46.5)	(38.9)
	14,064.6	**12,962.0**
Operating result	**1,101.1**	**698.6**
Ineffective derivatives - open positions	(54.1)	27.2
Profit before related income tax expense and net finance costs	**1,047.0**	**725.8**
Finance income	244.0	163.3
Finance costs	(258.9)	(217.9)
Net finance costs	**(14.9)**	**(54.6)**
Profit before related income tax expense	**1,032.1**	**671.2**
Income tax expense	(312.5)	(191.2)
Profit for the year	**719.6**	**480.0**
Attributable to:		
Members of Qantas	719.4	479.5
Minority interest	0.2	0.5
	719.6	**480.0**
Earnings per share (EPS) attributable to members of Qantas		
Basic earnings per share (cents)	36.4	24.9
Diluted earnings per share (cents)	36.4	24.8

1 Compensation for the late delivery of aircraft has resulted in the recognition of $97.7 million (2006: $104.4 million), representing the present value of future receipts.

2 Prior year gain on sale of non-current assets of $13.9 million has been reclassified from Other expenses to Other income.

3 Change in the estimate of points not expected to be redeemed resulted in the recognition of $41.9 million in Frequent Flyer revenue.

4 Redundancy costs incurred during the year were $147.4 million (2006: $108.6 million).

5 Estimated penalties of $47.2 million have been recognised in relation to the US Department of Justice's investigation into alleged price fixing in the air cargo market.

The Consolidated Income Statement is to be read in conjunction with the Notes to the Financial Statements set out on pages 8 to 10.

CONSOLIDATED BALANCE SHEET
as at 30 June 2007

	June 2007 $m	June 2006 $m
Current assets		
Cash and cash equivalents	3,362.9	2,902.0
Receivables	1,376.8	1,124.3
Other financial assets	604.8	476.7
Inventories	180.3	334.8
Assets classified as held for sale	5.4	24.2
Other	103.8	86.4
Total current assets	**5,634.0**	**4,948.4**
Non-current assets		
Receivables	372.7	342.0
Other financial assets	537.7	766.8
Investments accounted for using the equity method	372.6	372.9
Other investments	3.1	53.7
Property, plant and equipment	12,308.3	12,375.0
Intangible assets	365.9	311.7
Deferred tax assets	0.3	2.9
Other	11.1	9.9
Total non-current assets	**13,971.7**	**14,234.9**
Total assets	**19,605.7**	**19,183.3**
Current liabilities		
Payables	2,005.7	1,985.3
Interest-bearing liabilities	863.7	440.8
Other financial liabilities	383.7	139.2
Provisions	534.4	469.0
Current tax liabilities	153.6	72.4
Revenue received in advance	2,533.6	2,282.8
Deferred lease benefits/income	29.3	37.5
Total current liabilities	**6,504.0**	**5,427.0**
Non-current liabilities		
Interest-bearing liabilities	4,210.9	5,334.8
Other financial liabilities	767.8	352.2
Provisions	481.9	479.7
Deferred tax liabilities	675.6	701.2
Revenue received in advance	701.5	708.5
Deferred lease benefits/income	69.0	98.8
Total non-current liabilities	**6,906.7**	**7,675.2**
Total liabilities	**13,410.7**	**13,102.2**
Net assets	**6,195.0**	**6,081.1**
Equity		
Issued capital	4,481.2	4,382.2
Treasury shares	(32.6)	(23.8)
Reserves	148.2	329.3
Retained earnings	1,592.3	1,388.5
Equity attributable to members of Qantas	**6,189.1**	**6,076.2**
Minority interest	5.9	4.9
Total equity	**6,195.0**	**6,081.1**

The Consolidated Balance Sheet is to be read in conjunction with the Notes to the Financial Statements set out on pages 8 to 10.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2006

	Issued Capital $m	Treasury Shares $m	Employee Compensation Reserve $m	Hedge Reserve $m	Fair Value Reserve $m	Asset Revaluation Reserve $m	Foreign Currency Reserve $m	Retained Earnings $m	Minority Interest $m	Total Equity $m
Balance as at 1 July 2005	4,192.3	(17.8)	13.7	379.0	(28.8)	4.4	(3.5)	1,311.4	4.2	5,854.9
Profit for the year	-	-	-	-	-	-	-	479.5	0.5	480.0
Own shares acquired	-	(9.8)	-	-	-	-	-	-	-	(9.8)
Shares vested to employees	-	3.8	(3.8)	-	-	-	-	-	-	-
Share-based payments	-	-	13.8	-	-	-	-	-	-	13.8
Transfer of hedge reserve to Income Statement	-	-	-	(351.6)	-	-	-	-	-	(351.6)
Recognition of effective cash flow hedges on capitalised assets	-	-	-	48.9	-	-	-	-	-	48.9
Effective portion of changes in fair value of cash flow hedges	-	-	-	257.0	-	-	-	-	-	257.0
Share of movement in jointly controlled entity's hedge reserve	-	-	-	(1.1)	-	-	-	-	-	(1.1)
Change in fair value of assets available for sale	-	-	-	-	(6.6)	-	-	-	-	(6.6)
Recognition of deferred tax liability on revalued assets	-	-	-	-	-	(0.4)	-	-	-	(0.4)
Foreign currency translation of controlled entities	-	-	-	-	-	-	8.3	-	0.2	8.5
Dividends declared	189.9	-	-	-	-	-	-	(402.4)	-	(212.5)
Balance as at 30 June 2006	**4,382.2**	**(23.8)**	**23.7**	**332.2**	**(35.4)**	**4.0**	**4.8**	**1,388.5**	**4.9**	**6,081.1**

The Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements set out on pages 8 to 10.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
for the year ended 30 June 2007

	Issued Capital $m	Treasury Shares $m	Employee Compensation Reserve $m	Hedge Reserve $m	Fair Value Reserve $m	Asset Revaluation Reserve $m	Foreign Currency Reserve $m	Retained Earnings $m	Minority Interest $m	Total Equity $m
Balance as at 1 July 2006	4,382.2	(23.8)	23.7	332.2	(35.4)	4.0	4.8	1,388.5	4.9	6,081.1
Profit for the year	-	-	-	-	-	-	-	719.4	0.2	719.6
Own shares acquired	-	(24.5)	-	-	-	-	-	-	-	(24.5)
Shares vested to employees	-	15.7	(13.9)	-	-	-	-	(1.8)	-	-
Share-based payments	-	-	17.2	-	-	-	-	-	-	17.2
Transfer of hedge reserve to Income Statement	-	-	-	9.7	-	-	-	-	-	9.7
Recognition of effective cash flow hedges on capitalised assets	-	-	-	41.2	-	-	-	-	-	41.2
Effective portion of changes in fair value of cash flow hedges	-	-	-	(263.1)	-	-	-	-	-	(263.1)
Change in fair value of assets available for sale	-	-	-	-	36.9	-	-	-	-	36.9
Foreign exchange impact of fair value reserve transferred to foreign currency translation reserve	-	-	-	-	(1.5)	-	1.5	-	-	-
Foreign currency translation of controlled entities	-	-	-	-	-	-	(9.1)	-	(0.4)	(9.5)
Acquisition of controlled entity	-	-	-	-	-	-	-	-	1.2	1.2
Dividends declared	99.0	-	-	-	-	-	-	(513.8)	-	(414.8)
Balance as at 30 June 2007	**4,481.2**	**(32.6)**	**27.0**	**120.0**	-	**4.0**	**(2.8)**	**1,592.3**	**5.9**	**6,195.0**

The Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements set out on pages 8 to 10.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2007

	June 2007 $m	June 2006 $m
Cash Flows from Operating Activities		
Cash receipts in the course of operations	15,707.3	14,396.1
Cash payments in the course of operations	(13,027.0)	(12,086.8)
Interest received	230.2	165.3
Interest paid	(425.1)	(322.9)
Dividends received	34.4	37.0
Income taxes paid	(166.4)	(162.7)
Net cash from operating activities	**2,353.4**	**2,026.0**
Cash Flows from Investing Activities		
Payments for property, plant and equipment [1]	(1,235.9)	(1,527.1)
Proceeds from disposal of property, plant and equipment	47.3	47.4
Proceeds from financing of non-current assets [2]	-	627.8
Proceeds from disposal of investment	3.2	-
Payments for controlled entities, net of cash acquired	(32.1)	-
Payments for investments, net of cash acquired	(2.2)	(37.3)
Advances of investment loans	(0.5)	(0.4)
Net cash used in investing activities	**(1,220.2)**	**(889.6)**
Cash Flows from Financing Activities		
Repayment of borrowings	(356.2)	(563.3)
Proceeds from borrowings/swaps	96.2	632.2
Receipts from aircraft security deposits	2.4	5.0
Dividends paid [3]	(414.7)	(212.1)
Net cash used in financing activities	**(672.3)**	**(138.2)**
Net increase in cash and cash equivalents held	**460.9**	**998.2**
Cash and cash equivalents at the beginning of the year	2,902.0	1,903.8
Cash and cash equivalents at the end of the year	**3,362.9**	**2,902.0**

1 As a consequence of the assignment of purchase rights prior to aircraft delivery, contractual payments to manufacturers of $nil (2006: $631.1 million) were settled by aircraft lessors.

2 Included in the proceeds from financing of non-current assets was $nil (2006: $412.2 million) in relation to nil (2006: 19) aircraft. The rights to these aircraft were sold prior to delivery of the aircraft to a lessor and leased back via operating lease.

3 The DRP was suspended after the payment of the 2006 final dividend. During the year 28,991,867 (2006: 55,333,681) shares were issued under the Dividend Reinvestment Plan. Dividends settled in shares rather than cash during the year totalled $99.0 million (2006: $189.9 million).

The Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements set out on pages 8 to 10.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2007

Note 1. Basis of Preparation of Preliminary Final Report

The Preliminary Final Report has been prepared in accordance with ASX listing rule 4.3A and has been derived from the unaudited Financial Report. The Financial Report has been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board and the Corporations Act.

The Preliminary Final Report is presented in Australian dollars and has been prepared on the basis of historical costs except in accordance with relevant accounting policies where assets and liabilities are stated at their values in accordance with relevant accounting policies. The accounting policies adopted in this report are the same as those disclosed in the condensed consolidated interim financial report for the half-year ended 31 December 2006.

The accounting policies adopted in this report have been consistently applied by each entity in the consolidated entity and are consistent with those of the previous year.

Various comparative balances have been reclassified to align with current year presentation. These amendments have no material impact on the Financial Statements.

This Report is based on the Financial Report which is in the process of being audited.

The current reporting year in the preliminary final report is the year ended 30 June 2007 while the prior year is the year ended 30 June 2006.

Note 2. Tax Reconciliation

The prima facie income tax on profit before related income tax expense differs from the income tax charged in the Consolidated Income Statement and is calculated as follows:

	June 2007 $m	June 2006 $m
Profit before related income tax expense	1,032.1	671.2
Prima facie income tax expense @ 30%	309.6	201.4
Add: non-deductible freight provision	14.2	-
Less: utilisation of tax losses	(10.3)	(22.7)
(Less)/Add: other items	(1.0)	12.5
Income tax expense	312.5	191.2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 3. Dividends

A fully franked final dividend of 11 cents (2005: 10 cents fully franked) per ordinary share was paid on 4 October 2006 in relation to the financial year ended 30 June 2006. The total amount of the dividend declared was $215.1 million (2005: $189.9 million).

A fully franked special dividend of 15 cents per ordinary share was paid on 19 March 2007 in relation to the half-year ended 31 December 2006. The total amount of the dividend declared was $297.7 million.

Note 4. Contingent Liabilities

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. In certain circumstances, including the insolvency of major international banks and other AAA rated counterparties, the Qantas Group may be required to make payments under these guarantees.

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 pre-determined level. This is reflected by the balance of aircraft security deposits held with certain financial institutions.

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.

Qantas previously disclosed that it had been co-operating with regulators in the USA, Europe, Australia, New Zealand and other jurisdictions in their investigation into alleged price fixing in the air cargo market. These investigations revealed that the practice adopted by Qantas Freight and the cargo industry generally to fix and impose fuel surcharges was likely to have breached relevant competition laws. Qantas continues to co-operate fully with all regulators and will be providing them with all relevant information to permit them to undertake their investigations.

On 1 August 2007, the US Department of Justice announced that British Airways and Korean Air had agreed to plead guilty and pay separate US$300 million criminal fines for their roles in conspiracies to fix prices of passenger and cargo flights. British Airways subsequently announced that US$200 million of its fine related to cargo.

Following these settlements, Qantas has provided US$40.0 million (A$47.2 million) for a potential settlement in that jurisdiction. Qantas is continuing to co-operate with regulators in other jurisdictions including Australia, Europe and New Zealand. However, no provision has been raised for possible fines in these other jurisdictions or for possible liability to third parties under class actions, as they are not yet able to be reliably estimated. Qantas expects these amounts will be known over the next two years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2007

Note 4. Contingent Liabilities (continued)

A class action claim was made during the year by a number of travel agents against IATA, Qantas and other airlines as a result of travel agents not being paid commission on fuel surcharges. The claim amount has not yet been determined and Qantas is investigating the claim.

The New Zealand Inland Revenue Department has issued the Qantas Group a Notice of Proposed Adjustment which seeks to disallow interest deductions relating to the acquisition of Qantas' former interest in Air New Zealand. Qantas has lodged an objection to the Adjustment and notes that any resultant tax liability would be funded via unrecognised available tax losses.

Note 5. Post Balance Date Events

The Directors declared a fully franked final dividend of 15 cents per ordinary share on 15 August 2007 in relation to the financial year ended 30 June 2007. The total amount of the dividend declared was $297.7 million.

On 2 July 2007 Qantas acquired, via a controlled entity, 67.27% of the equity of DPEX Transport Group Pte Limited (DPEX) by converting a loan to Jupiter Global Limited. Qantas hold an option over the remaining 32.73% of DPEX and intend exercising this option on 31 August 2007.

On 9 July 2007 Qantas announced it would purchase 20 additional B787 Dreamliners taking total firm orders to 65. This takes total capital expenditure commitments entered into post 30 June 2007 to $3.5 billion.

Qantas acquired 18% of Pacific Airlines Joint Stock Aviation Company (Pacific Airlines), a low cost carrier in Vietnam, via a controlled entity on 31 July 2007 for US$30 million. Qantas exerts significant influence over the entity given Board representation and the provision of operational and management personnel. Qantas will equity account Pacific Airlines as an associate from 31 July 2007. Qantas has the ability to acquire up to 30% of the equity of Pacific Airlines in the period to March 2010.

As a result of oil and jet fuel price increases over recent months, Qantas announced on 1 August 2007 that it would increase international fuel surcharges for tickets issued on or after 9 August 2007. Should fuel prices drop in future, Qantas will reduce the surcharges as in previous occasions.

On 16 August 2007, Qantas announced its intention to undertake an on-market buy-back of up to approximately 10 per cent of Qantas shares which, once completed, will amount to a reduction of capital of more than $1 billion.

There has not arisen in the interval between 30 June 2007 and the date of this report, any other event that would have had a material effect on the Financial Statements at 30 June 2007.

QANTAS AIRWAYS LIMITED
ABN 16 009 661 901

OPERATIONAL STATISTICS
for the year ended 30 June 2007

(Unaudited)		June 2007	June 2006	Percentage Increase/ (Decrease)
QANTAS INTERNATIONAL - SCHEDULED SERVICES[1]				
TRAFFIC AND CAPACITY				
Passengers carried	000	8,600	9,188	(6.4)
Revenue passenger kilometres (RPK)	m	60,709	59,948	1.3
Available seat kilometres (ASK)	m	74,596	78,012	(4.4)
Revenue seat factor	%	81.4	76.8	4.6 pts
Revenue freight tonne kilometres (RFTK)	m	2,621	2,633	(0.5)
QANTAS DOMESTIC - SCHEDULED SERVICES				
TRAFFIC AND CAPACITY				
Passengers carried	000	16,350	15,772	3.7
Revenue passenger kilometres (RPK)	m	23,709	22,449	5.6
Available seat kilometres (ASK)	m	29,783	28,347	5.1
Revenue seat factor	%	79.6	79.2	0.4 pts
QANTASLINK - SCHEDULED SERVICES				
TRAFFIC AND CAPACITY				
Passengers carried	000	3,858	3,316	16.3
Revenue passenger kilometres (RPK)	m	2,507	2,092	19.8
Available seat kilometres (ASK)	m	3,523	3,048	15.6
Revenue seat factor	%	71.2	68.6	2.6 pts
JETSTAR - SCHEDULED SERVICES				
TRAFFIC AND CAPACITY				
Passengers carried	000	7,641	5,799	31.8
Revenue passenger kilometres (RPK)	m	10,697	6,410	66.9
Available seat kilometres (ASK)	m	14,217	8,663	64.1
Revenue seat factor	%	75.2	74.0	1.2 pts
QANTAS GROUP OPERATIONS				
TRAFFIC AND CAPACITY				
Passengers carried	000	36,449	34,075	7.0
Revenue passenger kilometres (RPK)	m	97,622	90,899	7.4
Available seat kilometres (ASK)	m	122,119	118,070	3.4
Revenue seat factor	%	79.9	77.0	2.9 pts
Aircraft in service at year end[2]	#	213	216	(3) units
FINANCIAL				
Yield (passenger revenue per RPK)	¢	11.69	10.94	6.9
PRODUCTIVITY				
Average full-time equivalent employees	#	34,267	34,832	(1.6)
RPK per employee	000	2,849	2,610	9.2
ASK per employee	000	3,564	3,390	5.1

1 Includes prior year statistics for Australian Airlines which, effective 1 July 2006, are included within Qantas.
2 Excludes three temporarily grounded B717-200 aircraft.

QANTAS AIRWAYS LIMITED
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CONSOLIDATED PROFIT BEFORE RELATED INCOME TAX EXPENSE
for the year ended 30 June 2007

(Unaudited)	June 2007 $m	% of Group Total	June 2006 $m	% of Group Total
Qantas [1]	773.3	74.9	540.1	80.5
Jetstar [1,2]	87.3	8.5	12.3	1.8
Total Flying Operations	860.6	83.4	552.4	82.3
Other Subsidiaries: [3]				
Qantas Holidays Group	46.9	4.5	45.0	6.7
Qantas Flight Catering Group	32.8	3.2	37.0	5.5
Qantas Defence Services	17.0	1.6	9.3	1.4
Equity accounted investments	46.5	4.5	38.9	5.8
Other Subsidiaries [4]	28.3	2.8	(11.4)	(1.7)
Total Other Subsidiaries	171.5	16.6	118.8	17.7
Group Profit Before Related Income Tax Expense	**1,032.1**	**100.0**	**671.2**	**100.0**

Notes

1 The results of Qantas and Jetstar for the comparative year have been restated by $1.5 million to include interest revenue on Jetstar's working capital balance. This has been calculated by applying the Qantas Group's cost of debt to the monthly average working capital balance throughout the year.

2 The current year result for Jetstar includes $28.0 million (2006: $10.2 million) of start-up costs incurred in establishing Jetstar International.

3 Subsidiary operations profit before related income tax expense includes profit earned on services provided to Qantas Airways Limited.

4 Other subsidiaries includes a profit of $30.6 million on the sale of the investment in Air New Zealand Limited.

QANTAS AIRWAYS LIMITED
ABN 16 009 661 901

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

as at 30 June 2007

(Unaudited)	**As at June 2007 $m**	**As at June 2006 $m**
Balance Sheet Equity	6,195.0	6,081.1
Hedge Reserve	120.0	332.2
Equity excluding Hedge Reserve	6,075.0	5,748.9
On Balance Sheet Debt [1]		
Current Debt	863.7	440.8
Non-current Debt [2]	4,210.9	5,334.8
Cash and Cash Equivalents [3]	(3,487.3)	(3,031.6)
Fair value of hedges relating to debt [4]	(195.6)	(453.7)
Net On Balance Sheet Debt	1,391.7	2,290.3
Off Balance Sheet Debt		
Non-Cancellable Operating Leases [5]	2,583.8	2,670.8
Net Debt including Off Balance Sheet Debt	3,975.5	4,961.1
Balance Sheet including Off Balance Sheet Debt		
Total Assets [6]	22,335.0	21,932.0
Total Liabilities	16,003.1	15,780.2
Total Equity including Hedge Reserve	6,331.9	6,151.8
Less: Hedge Reserve	120.0	332.2
Total Equity excluding Hedge Reserve	6,211.9	5,819.6
Net Debt to Net Debt and Equity	18 : 82	27 : 73
Net Debt to Net Debt and Equity (including Off Balance Sheet Debt and Hedge Reserve)	39 : 61	45 : 55
Net Debt to Net Debt and Equity (including Off Balance Sheet Debt and excluding Hedge Reserve)	39 : 61	46 : 54
Working Capital Ratio	46 : 54	48 : 52

Notes

1. On balance sheet debt includes bank and other loans and lease liabilities.
2. Non-current debt excludes debt available to be set-off against non-current assets.
3. Cash and cash equivalents includes bills of exchange and promissory notes, negotiable securities, term deposits and aircraft security deposits.
4. Fair value of hedges relating to debt represents the fair value of derivatives hedging debt in accordance with AASB 139: *Financial Instruments: Recognition and Measurement.*
5. Non-cancellable operating leases has been calculated assuming the assets are owned and debt funded and is not consistent with the disclosure requirements of *AASB 117: Leases* .
6. Total assets including assets related to off balance sheet debt has been calculated as the sum of total assets on the balance sheet and operating lease assets capitalised.

QANTAS AIRWAYS LIMITED
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ADJUSTED NET BORROWING COSTS
as at 30 June 2007

(Unaudited)	Year Ended June 2007 $m	Year Ended June 2006 $m
Borrowing Costs		
Net Borrowing Costs	14.9	54.6
Unwind of discount on non-current provisions	(30.9)	(16.8)
Unwind of discount on non-current receivables	16.5	-
Capitalised Interest	83.3	68.4
Interest on Non-cancellable Operating Leases	244.5	201.3
Adjusted Net Borrowing Costs	**328.3**	**307.5**
Interest Cover	70.3	13.3
Average Net Debt *		
Average Net Debt Including Off Balance Sheet Debt	4,468.3	4,977.9
Adjusted Net Borrowing Costs as a Percentage of:		
Average Net Debt Including Off Balance Sheet Debt	7.3	6.2

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

INEFFECTIVE DERIVATIVES (Unaudited)

Qantas is subject to foreign currency, interest rate, fuel price and credit risks. Derivative financial instruments are used to hedge these risks. It is Qantas policy not to enter into, issue or hold derivative financial instruments for speculative trading purposes.

Accounting standard *AASB 139: Financial Instruments: Recognition and Measurement* (AASB 139) contains a strict definition of hedge effectiveness for accounting purposes and requires that all derivatives be held at current market values. Each derivative transaction used to hedge identified risks must be documented and proven to be effective in offsetting changes in the value of the underlying risk within a range of 80%-125%. This measure of effectiveness may result in economically appropriate hedging transactions being deemed ineffective for accounting purposes.

Accounting ineffectiveness for derivative transactions has been split into two lines within the Consolidated Income Statement, as shown in the table below. The table shows the foreign exchange, interest rate and fuel hedging transactions that fail the accounting effectiveness measure in the year ended 30 June 2007.

	June 2007 $m	June 2006 $m
Ineffective derivatives - closed positions	67.6	71.3
Ineffective derivatives - open positions	54.1	(27.2)
Total Ineffectiveness	121.7	44.1

Two hedging strategies in particular drive ineffectiveness in Qantas accounting results. Crude oil prices and jet fuel prices do not always correlate within the 80% to 125% range required by AASB 139 and can result in changes in fair value of the derivative being deemed ineffective for accounting purposes from time to time.

Ineffectiveness also results from the treatment of options used as hedging instruments under AASB 139. AASB 139 will only permit the intrinsic component of an option value to be deemed an effective hedge. As a result, all other aspects of the option value must be marked to market through the Consolidated Income Statement as ineffective. Changes in the value of this non-intrinsic component do not necessarily reflect the original premium paid or potential losses if the option is held to maturity.

A total loss of $121.7 million has been recognised in the Consolidated Income Statement as Ineffective derivatives during the year. This includes a loss of $67.6 million recognised as “Ineffective derivatives - closed positions”. This has been included in the operating result in the Consolidated Income Statement as it relates to derivative hedging instruments deemed ineffective for accounting purposes that matured during the year.

The remaining loss of $54.1 million has been recognised as “Ineffective derivatives - open positions”. This has been excluded from the operating result as it relates to derivative hedging instruments deemed ineffective for accounting purposes that are to hedge underlying risks in future reporting periods.