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2002 Qantas Annual Report

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The Spirit of Australia

QANTAS

Qantas was founded in the Queensland outback in 1920 and is Australia's largest domestic and international airline. Registered originally as Queensland and Northern Territory Aerial Services Limited (QANTAS), the airline has built a reputation for excellence in safety, operational reliability, engineering and maintenance, and customer service. Qantas operates a fleet of 187 aircraft across a network spanning 142 destinations in 32 countries. Qantas carried more than 27 million passengers this year and employs more than 33,000 staff who speak more than 50 different languages. Qantas also operates subsidiary businesses in specialist markets such as Qantas Holidays and Qantas Flight Catering.

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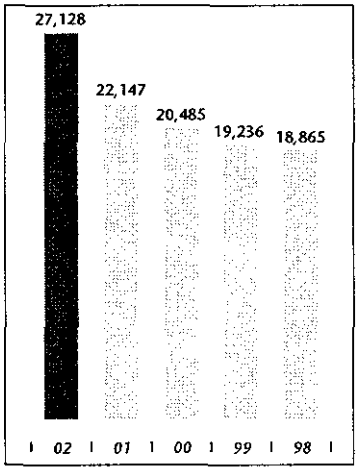
Chief Executive Officer | Geoff Dixon Chairman | Margaret Jackson

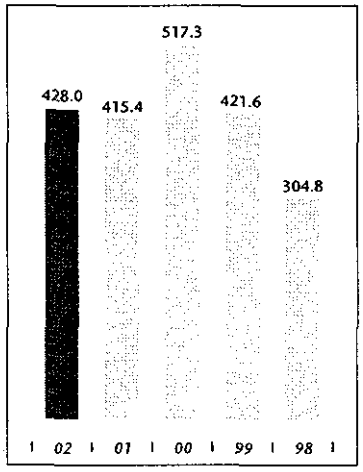
to our fellow shareholders

It has been a dramatic and at times traumatic year for Qantas and the global aviation industry. The events of 11 September 2001 changed the industry forever and the collapse of Ansett has transformed the Australian aviation market. Qantas performed well in the face of these tumultuous events and this was a tribute to our management and staff.

Passengers Carried
000



Net Profit Attributable to Members of the Company
$M



A TUMULTUOUS YEAR In last year's annual report, we noted that Qantas had performed well in a challenging environment and as part of an industry characterised by low overall profitability.

Those words were written one week before September 11.

The world is still trying to come to terms with the terrorist attacks in the United States and the thousands of lives lost, including a number of Australians. The tragic deaths included two Qantas staff members – Alberto Dominguez, 66, a baggage handler at Sydney Domestic Terminal and Laura Lee Morabito, 34, Area Sales Manager in Boston. Both Alberto and Laura Lee were highly regarded workers who were extremely popular with their colleagues.

The impact of September 11 on our industry was enormous. According to the International Air Transport Association, 2001 was only the second year in the history of civil aviation in which international traffic declined. The IATA membership of airlines collectively lost more than US$12 billion.

At the same time, in the domestic market, Ansett collapsed. Qantas leased extra aircraft and added hundreds of special flights, including to regional Australia, to help travellers stranded by the crisis. Qantas flew over 50,000 former Ansett passengers for free and another 65,000 on heavily discounted fares. Qantas was able to add the equivalent of about seven years' growth, virtually overnight. This huge effort was critical in minimising the impact of the Ansett collapse on the Australian economy, tourism, business and national life.

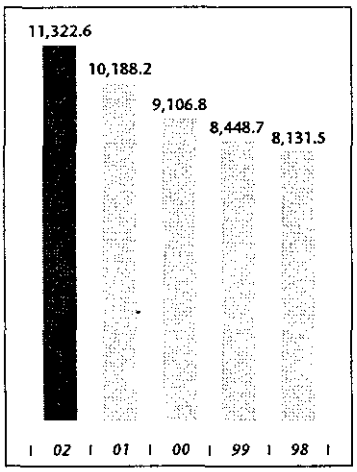
ANNUAL RESULTS In these extraordinary circumstances, Qantas delivered a profit before tax of $631.0 million for the year ended 30 June 2002 and a net profit after tax of $428.0 million.

Domestic operations, QantasLink, Qantas Flight Catering and Qantas Holidays performed strongly and this offset the substantial decline in international operations after September 11. International operations improved in the second half of the year as some confidence was restored.

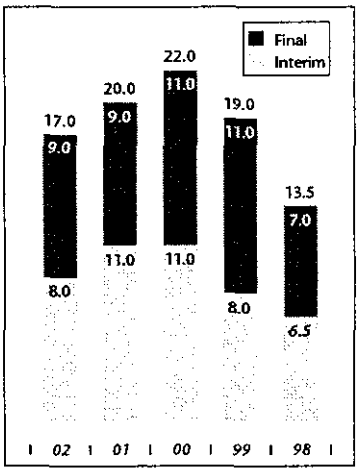
The Directors declared a fully franked final dividend of nine cents per share, bringing total fully franked dividends for the year to 17 cents per share.

Qantas staff received a special four per cent bonus payment due to their efforts during the year and in line with a commitment made to them in late 2001. The Board also decided to allocate $1,000 worth of Qantas shares to all Australia-based eligible employees under the Qantas Profitshare Scheme.

Sales and Operating Revenue
$M



Ordinary Dividends per Share*
Cents per Share



* Excludes special dividends paid

BOARD CHANGES Paul Anderson was appointed a non-executive Director on the Qantas Board on 2 September 2002. Mr Anderson has outstanding management and operational skills and an extraordinary record as a senior executive in the international mining and energy industries. We are delighted that he is bringing his diverse range of corporate skills to Qantas.

In November 2001, Rod Eddington stepped down as a non-executive Director. This followed a $450 million placement of shares by Qantas in October 2001 and the consequent reduction of British Airways' shareholding in Qantas to less than 22.5 per cent. As a result, British Airways was entitled to appoint two, rather than three, Directors to the Qantas Board. Roger Maynard and Nick Tait continue to serve on the Qantas Board as Directors appointed by British Airways. It has been a pleasure to have had Rod serve on the Qantas Board, we thank him for his involvement and we will continue to work with him in his role as Chief Executive of British Airways.

GOING FORWARD Qantas will continue its strategies of:

- segmenting its flying business to align costs and revenues in particular markets. This will see Qantas operate:
  - the premium Qantas international product with three and two-class service;
  - Australian Airlines, a full-service, single class international carrier that will begin flying between Cairns and a number of Asian ports from 27 October;
  - City*flyer*, the two-class domestic "shuttle" service tailored for business travellers on the popular Sydney–Melbourne, Sydney–Brisbane and Melbourne–Brisbane routes and which will soon be extended to Adelaide and Perth;
  - the full service, two-class product for other domestic destinations;
  - an all economy domestic service for leisure routes where there is little or no demand for business travel; and
  - expanded QantasLink services to regional Australia.
- investing in and growing subsidiary businesses – QantasLink, Qantas Flight Catering, Qantas Holidays and Qantas Freight – so that in the future they can contribute about one third of Qantas profits.

Year Ended 30 June		2002	2001	2000	1999	1998
Sales and Operating Revenue	$M	**11,322.6**	10,188.2	9,106.8	8,448.7	8,131.5
Earnings Before Interest and Tax	$M	**679.3**	695.8	874.0	762.6	581.7
Profit From Ordinary Activities Before Tax	$M	**631.0**	597.1	762.8	662.5	478.0
Net Profit Attributable to Members of the Company	$M	**428.0**	415.4	517.3	421.6	304.8
Earnings per Share	cents	**29.1**	33.0	42.8	35.4	26.8
Ordinary Dividends per Share	cents	**17.0**	20.0	22.0	19.0	13.5
Passengers Carried	000	**27,128**	22,147	20,485	19,236	18,865
Available Seat Kilometres	M	**95,944**	92,943	85,033	81,765	81,537
Revenue Passenger Kilometres	M	**75,134**	70,540	64,149	59,863	58,619
Revenue Seat Factor	%	**78.3**	75.9	75.4	73.2	71.9
Aircraft in Service at Balance Date	#	**193**	178	147	135	146

- seeking mutually beneficial partnerships with other quality airlines. For example, Qantas is in discussions with Air New Zealand about the possibility of a strategic alliance between the two companies and an acquisition by Qantas of a minority equity interest in Air New Zealand. No agreement or commitment has been reached or entered into at this time and any agreement would be conditional on a number of approvals.

Qantas is also well placed to continue substantial investment in new aircraft, upgraded inflight products and airport infrastructure. This investment is needed as our competitors are also upgrading aircraft and product and competing aggressively.

On 21 August 2002, Qantas announced it intended to raise approximately $800 million of ordinary equity through an entitlement offer to existing shareholders to support our capital expenditure program and help fund other potential investment opportunities that may arise.

The institutional entitlement offer closed successfully on 23 August and the retail entitlement offer is expected to close on 27 September.

These strategic initiatives and substantial investment programs confirm our commitment to:

- our customers, who will enjoy further improved facilities and services;
- our employees, who will benefit from the airline's strong foundations and growth opportunities;
- our shareholders, who expect us to grow and be profitable; and
- the Australian community, which we continue to support by employing over 31,000 Australians, spending billions of dollars with Australian suppliers and being a major supporter of arts, sports and charitable organisations.

Chairman | Margaret Jackson

Chief Executive Officer | Geoff Dixon

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international operations

QANTAS operates approximately 540 international flights every week to and from Australia, offering services to 68 destinations in 31 countries across the Asia Pacific region, Europe, North America, South America and South Africa.

IMPROVED PRODUCT During the year, Qantas substantially upgraded many of its international aircraft and lounges. A highlight was the $300 million project to install a new inflight entertainment system on the Qantas fleet of Boeing 747-400s – featuring larger screens in First and Business Class, individual seatback video screens in Economy Class, and inseat telephones in all classes.

The interiors of the Boeing 747-400 aircraft are also being upgraded, with new design seat fabrics, curtains, carpets and accessories for First, Business and Economy Class cabins.

The upgrade program has been extended to the Boeing 747-300 fleet at an additional cost of $125 million and is due for completion by the end of 2003.

Qantas will invest a further $300 million to relaunch its International Business Class, featuring newly designed sleeper seats and cabin upgrades. The first of the new Business Class seats will be available on the London and Hong Kong routes in the first half of 2003.

Facilities are also being improved on the ground. The new flagship Qantas Club Lounge at Sydney International Terminal opened in May 2002, accommodating up to 150 First Class customers and 500 Business Class customers. This facility sets a new standard for First and Business Class passengers, top tier Frequent Flyers and Qantas Club members.

Overseas, the completely redesigned Qantas Club Lounge at Honolulu International Airport reopened in August 2001 and a substantially larger Qantas and British Airways First Class Lounge at Changi Airport in Singapore opened in November 2001.

NETWORK Qantas has always managed its international network closely, scrutinising every route to ensure its ongoing viability.

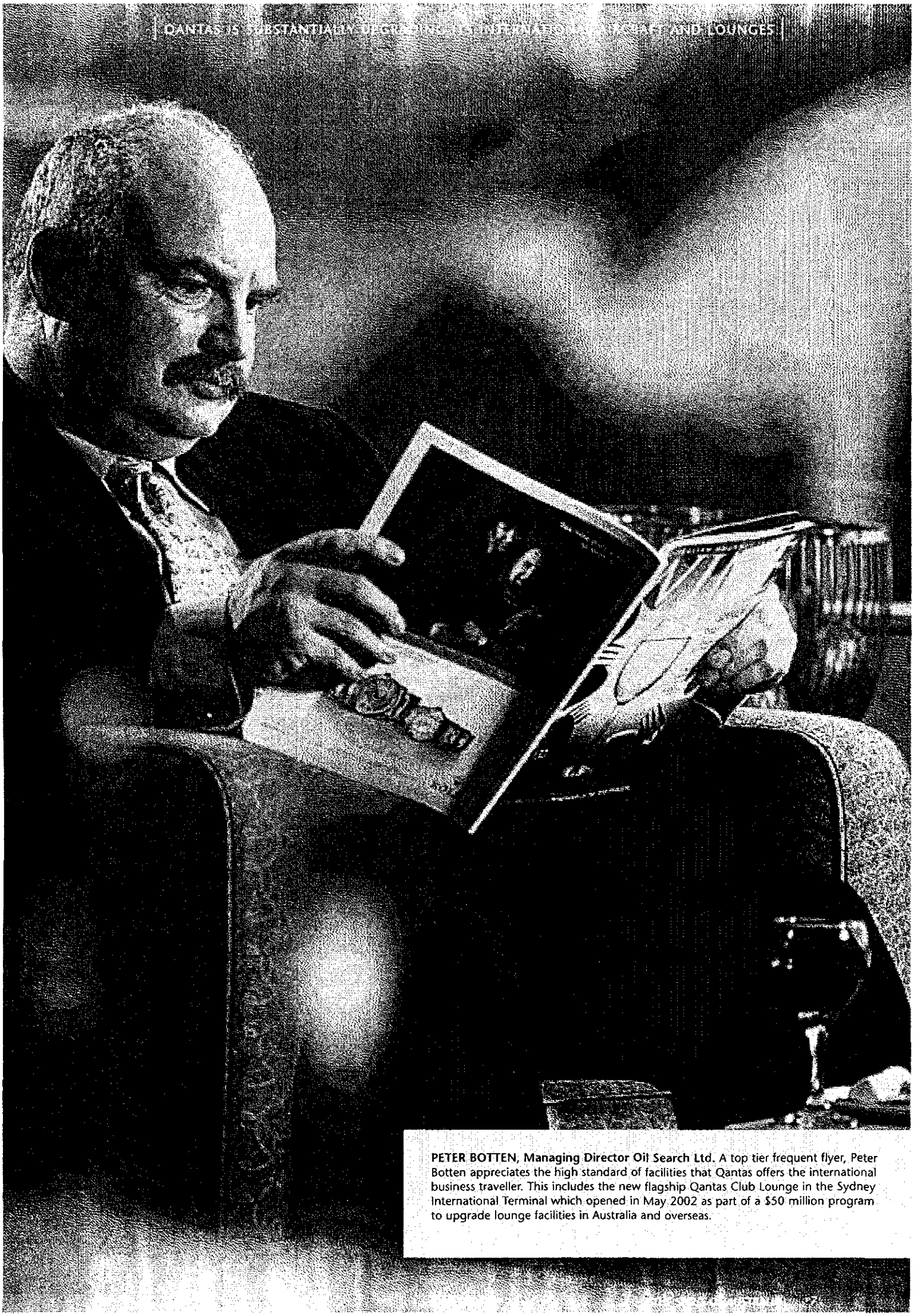
Following the terrorist attacks in the United States on 11 September 2001 and the resulting fall in demand for international air travel, Qantas reduced a number of scheduled international flights. Demand is steadily increasing, resulting in the reintroduction or planned reintroduction of additional services.

- United States Soon after September 11, Qantas reduced return services between Australia and Los Angeles from 31 per week to 26 per week, and suspended New York services. New York services resumed in February 2002 and services to Los Angeles increased to 28 per week in July 2002.

  Qantas also operates three 747 services each week to Honolulu.

- United Kingdom and Europe Qantas will add three Boeing 747-400 services to London from December 2002, taking the total number of Australia–London return services to 21 per week. A fourth return weekly service to Rome will also be added from the end of October 2002.

- Hong Kong Qantas boosted Hong Kong capacity significantly in April 2001, including a 25 per cent increase between Sydney and Hong Kong and a 20 per cent capacity increase on the Melbourne and Brisbane–Hong Kong routes.



PETER BOTTEN, Managing Director Oil Search Ltd. A top tier frequent flyer, Peter Botten appreciates the high standard of facilities that Qantas offers the international business traveller. This includes the new flagship Qantas Club Lounge in the Sydney International Terminal which opened in May 2002 as part of a $50 million program to upgrade lounge facilities in Australia and overseas.

SPIRIT OF FRIENDSHIP. In late June 2002, Qantas launched a unique global initiative that focused worldwide attention on international air travel.

International star John Travolta joined Qantas as Ambassador-at-Large and promptly flew his former Qantas Boeing 707, repainted in its original livery, around the world on a Spirit of Friendship tour. The tour attracted huge interest and support at each stage of its 13-city journey, from Los Angeles to New York via Auckland, Sydney, Melbourne, Perth, Singapore, Hong Kong, Tokyo, London, Rome, Paris and Frankfurt.

A talented and highly qualified pilot and avid fan of aviation and Qantas, Travolta used the tour as a way of reaching across borders and bringing a sense of excitement and optimism back to air travel.

international operations

- Japan The opening of the new runway at Narita Airport provided Qantas with an opportunity to increase services. In July 2002, Qantas introduced a daily Melbourne–Narita 767 service and Cairns–Narita services have been boosted by 10 per cent. Bookings have returned to last year's levels and continue to grow.
- New Zealand From 1 July 2002, Qantas added nine return services per week between Australia and New Zealand, increasing the total number of trans-Tasman services to more than 100 return flights each week.

  Qantas began domestic New Zealand services in April 2001, flying between the major centres of Auckland, Wellington and Christchurch and has built a codeshare relationship with local airline, Origin Pacific, to service a number of regional destinations.
- South America From 1 July 2002, following political and economic turmoil in Argentina, Qantas replaced two flights a week to Buenos Aires with three flights per week between Sydney and Santiago, Chile with **one**world partner, LanChile.

AUSTRALIAN AIRLINES During the year, Qantas announced it will launch a new wholly owned, full-service, single-class international carrier that will commence operations on 27 October 2002.

Australian Airlines is independently managed and will not compete with Qantas. It will operate on routes from which Qantas has withdrawn and on routes where Qantas has been unable to extract a satisfactory return.

Australian Airlines will initially offer services between Cairns and Osaka, Fukuoka, Nagoya, Singapore, Taipei and Hong Kong. The airline will operate Boeing 767-300 aircraft on all routes, beginning with a fleet of four and building to a potential fleet of 12 aircraft.

ALLIANCES AND PARTNERSHIPS Qantas has entered into a number of strategic alliances to create scale and scope for its operations and deliver enhanced customer service.

Qantas is a founding member of the **one**world alliance, which features eight of the world's leading airlines – Qantas, Aer Lingus, American Airlines, British Airways, Cathay Pacific, Finnair, Iberia and LanChile – as well as 23 regional affiliates.

Qantas also has separate bilateral alliances with British Airways, American Airlines, Japan Airlines and Air Pacific as well as codeshare arrangements with numerous other airlines including Air Calin, Air Niugini, Air Tahiti Nui, Air Vanuatu, Alaska Airlines, Alitalia, Asiana, China Eastern, Eva Air, Gulf Air, Origin Pacific, Polynesian Airlines, South African Airways and Vietnam Airlines.

These alliances and codeshare arrangements allow Qantas to offer customers an expanded global network, increased ease of transfer, greater choice and flexibility and provide increased rewards and recognition for frequent flyers.

domestic operations

The core domestic airline of Qantas operates an average of 373 flights each day. During the year, Ansett – the major domestic competitor of Qantas – collapsed. As a result, Qantas significantly increased the number of scheduled flights operated by its core domestic airline.

CITY*FLYER* The inaugural Qantas City*flyer* service took off on the airline's busiest route, Sydney–Melbourne, on 1 July 2001.

The service, that offers flights every half hour on weekdays, quickly established itself as the best domestic product in the market for the business traveller.

In February 2002, the service was extended to Sydney--Brisbane, offering flights every half hour during peak times and every hour at other times, and Melbourne–Brisbane, offering hourly flights. The service will soon be extended to Adelaide and Perth.

City*flyer* streamlines the airport process for business travellers and includes:

- priority departure gates nearest to airport security screening and the Qantas Club;
- complimentary newspapers for early morning flights;
- dedicated baggage carousels; and
- free bar service after 4.00 pm.

LOUNGE UPGRADE Qantas is investing $50 million to upgrade its domestic Qantas Club Lounges around the country. Work has already commenced on the lounges at Sydney, Melbourne and Brisbane domestic terminals, with these projects scheduled for completion in September 2002. There are also plans to expand and improve the domestic Qantas Club Lounges in Perth, Gold Coast, Darwin, Adelaide and other ports.

A highlight of the upgrade program is enhanced business facilities featuring the latest technology. This includes upgrading communications capabilities to allow customers to plug in laptops, charge mobile phones and access email from the comfort of an armchair.

QUICKCHECK Qantas introduced ***QuickCheck*** kiosks at Sydney and Melbourne Domestic Airports in August 2002, allowing customers to check themselves in at state-of-the-art, self-service ***QuickCheck*** kiosks.

QuickCheck provides real customer benefits by reducing check-in times to less than one minute.

The kiosks are easily accessible in terminal departure areas, in Qantas Club Lounges and close to City*flyer* departure gates.

In a first for Australia, ***QuickCheck*** will soon be available for customers with baggage.

TOURISM Qantas has continued its strong support for the Australian domestic and inbound tourism industry, working closely with the major national and state and territory tourist organisations and travel agents.

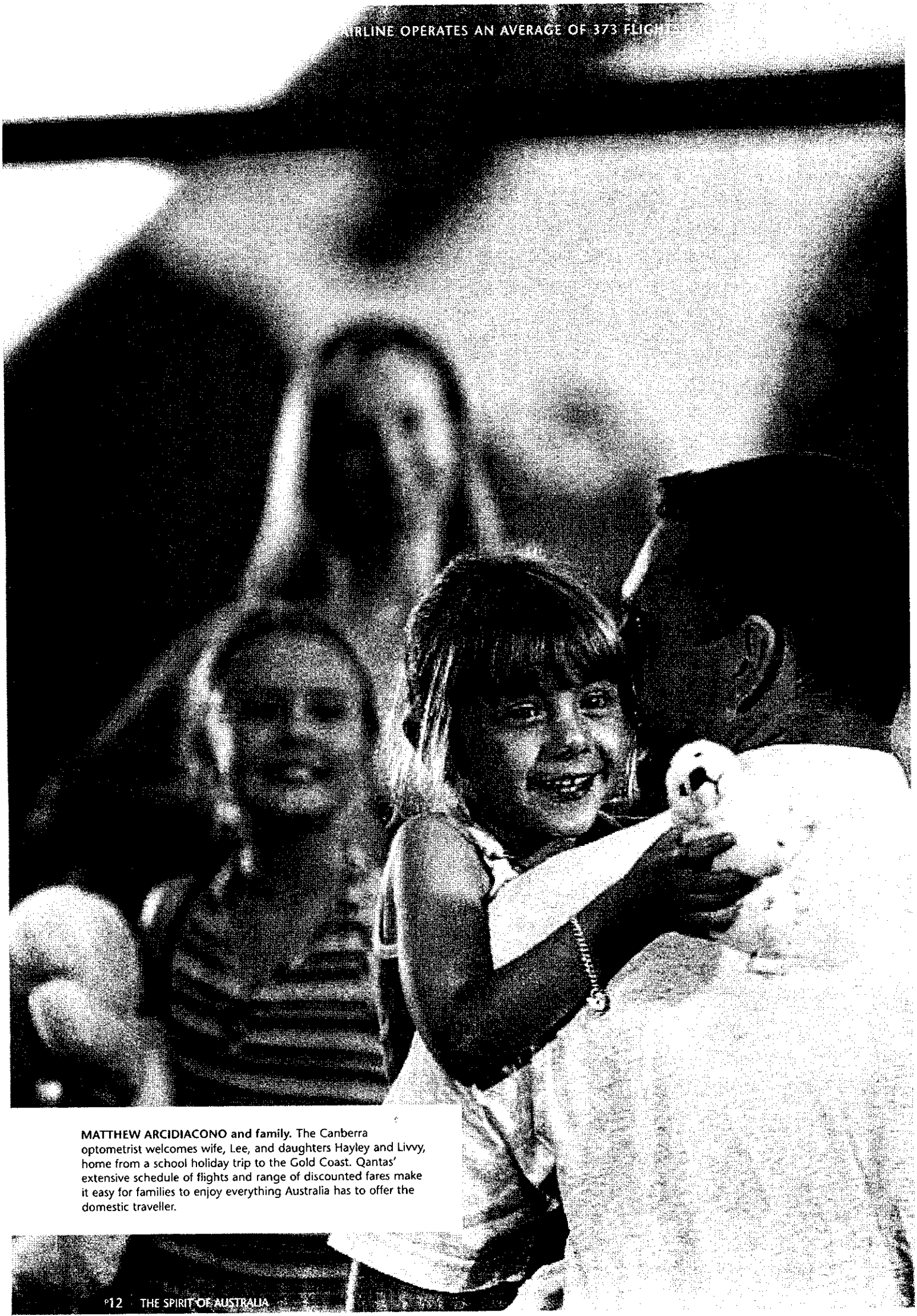
Our support for the Federal Government's *See Australia* domestic tourism initiative continued the effort to encourage Australians to holiday in their own country. At the same time, Qantas was involved in tactical marketing efforts with state and territory tourist bodies in early 2002 to help boost the recovery of the domestic market.

The Australian Tourism Exchange, held in Brisbane in May 2002, and the Dreamtime incentive travel market event in July 2001 were the cornerstone elements of Qantas' excellent working relationship with the Australian Tourist Commission (ATC).

City Departures

Departures

KEITH BALES, Businessman. Keith lives in Sydney and commutes to and from Melbourne each week for work. With peak period flights between Sydney and Melbourne every 30 minutes, the frequency and business travel focus of Qantas' new City*flyer* services suit corporate customers large, medium and small.



MATTHEW ARCIDIACONO and family. The Canberra optometrist welcomes wife, Lee, and daughters Hayley and Livvy, home from a school holiday trip to the Gold Coast. Qantas' extensive schedule of flights and range of discounted fares make it easy for families to enjoy everything Australia has to offer the domestic traveller.

domestic operations

An ongoing global marketing agreement sees Qantas and the ATC working together across the world to promote and develop leisure and business tourism to Australia.

Qantas also supports other key tourism organisations such as the Australian Tourism Export Council and the Tourism Task Force, works closely with the Australian Federation of Travel Agents and has taken a lead role with special events such as Year of the Outback 2002 and a number of state and territory tourism awards.

NEW AND INCREASED SERVICES In a major boost for Australian tourism, Qantas introduced a number of non-stop services on popular tourist routes including:

- Adelaide–Gold Coast;
- Brisbane–Alice Springs;
- Cairns–Darwin;
- Melbourne–Darwin;
- Melbourne–Alice Springs;
- Melbourne–Maroochydore;
- Melbourne–Hamilton Island;
- Perth–Darwin;
- Sydney–Proserpine; and
- Sydney–Rockhampton.

Other domestic services introduced include:

- additional weekly services between Adelaide and Sydney, Melbourne and Brisbane;
- additional weekly services between state capital cities and Canberra;
- additional Sydney–Townsville services;
- additional services between Sydney, Brisbane and Hamilton Island;
- additional Sydney–Ayers Rock services;
- additional Melbourne–Alice Springs services; and
- additional services between Sydney, Melbourne, Brisbane and Cairns.

TAXES, CHARGES AND LEVIES Costs of safety, security and airport usage rose during the year. New charges included the Ansett staff entitlements levy ($10 per ticket, collected by Qantas on behalf of the Federal Government) and a $6 per sector insurance levy flowing from the catastrophic events in the United States.

Qantas continues to seek ways of reducing the impost represented by taxes, levies and charges, while meeting market needs for transparency and openness on the total cost of airline tickets.

Qantas has revised its fare and holiday package advertising to show prices on an all-inclusive basis. Customers have reacted positively to the change, and Qantas is now the industry leader in relation to fare transparency, simplicity and fairness.

regional operations

QANTAS' REGIONAL OPERATIONS have been flying under one brand name – QantasLink – since May 2001.

QantasLink operates more than 2,700 flights each week to 55 destinations within Australia. QantasLink provides important transport services for regional Australia and connections to Qantas domestic and international networks. QantasLink employs approximately 1,600 people and has:

- operational bases in Hobart, Cairns and Mildura;
- a Dash 8 line maintenance facility in Mildura;
- a Boeing 717 heavy maintenance facility in Newcastle; and
- a Dash 8 heavy maintenance facility and administration centre in Tamworth.

Following the collapse of Ansett, QantasLink operated hundreds of additional services to regional Australia and provided and arranged for services to 22 regional destinations previously served only by Ansett and its subsidiaries.

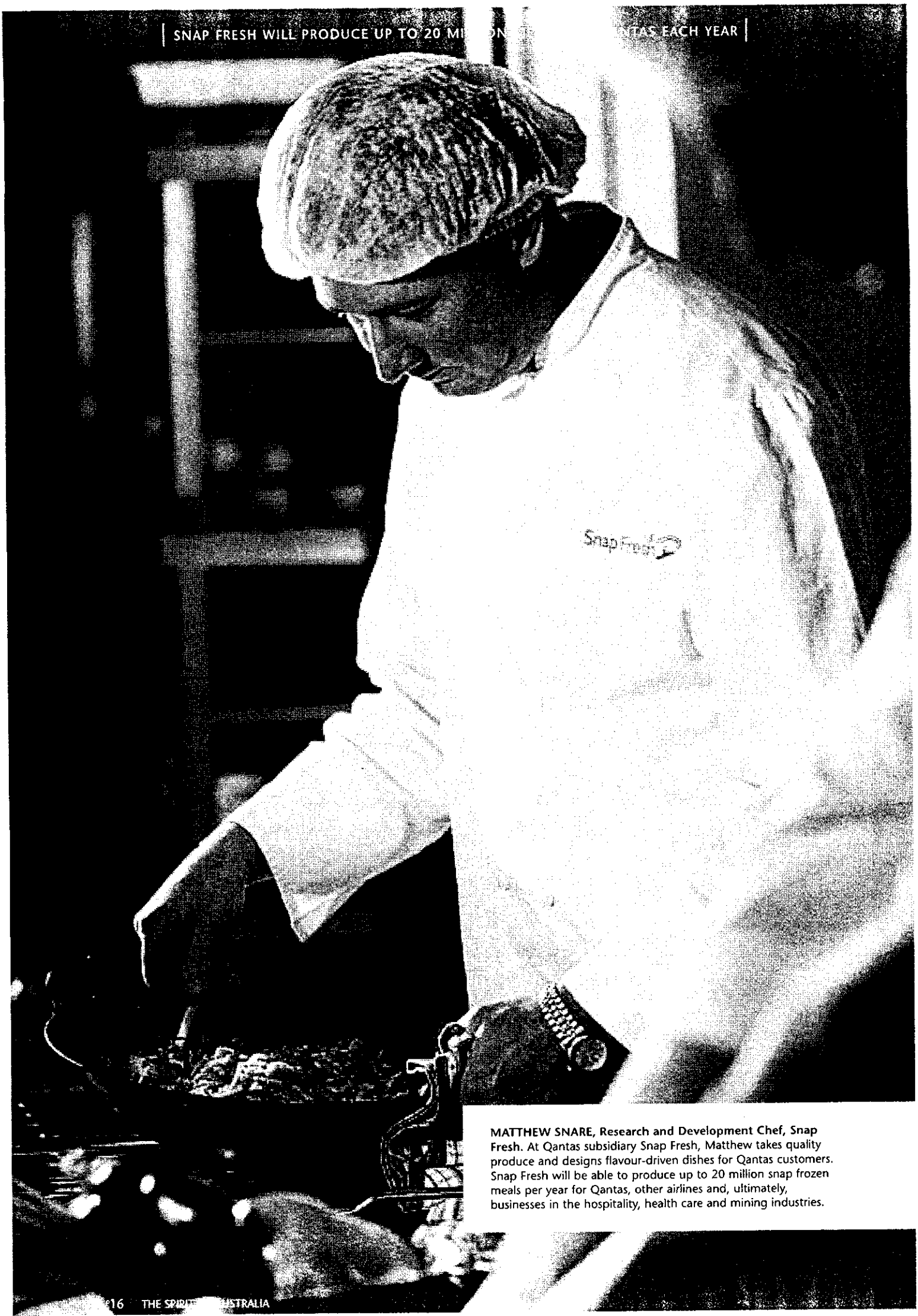
QantasLink has grown significantly since September 2001. In January 2002, five Dash 8-300 aircraft were added to the QantasLink fleet, boosting services and creating more than 90 jobs. Three months later, six Boeing 717 aircraft were added, resulting in more non-stop services and creating more than 150 jobs for pilots, flight attendants, engineers and operational staff.

RENE SUTHERLAND, Director Dubbo Regional Gallery. QantasLink is an integral part of life in regional Australia. Rene Sutherland, Director of the Dubbo Regional Gallery in central western NSW, is a regular QantasLink traveller between Sydney and her home town. QantasLink is a major sponsor of the Gallery, exemplifying the way Qantas supports cultural development in regional centres such as Dubbo.

QantasLink introduced a number of new regional destinations to its network during the year, including Longreach, Mt Isa and Weipa in Queensland, and Port Hedland and Newman in Western Australia.

QantasLink is also a strong supporter of regional tourism and is involved extensively in the sponsorship and promotion of rural and regional events and organisations, including:

- Australian Wool Fashion Awards, Armidale;
- Dubbo Regional Gallery;
- Flying Fruit Fly Circus, Albury-Wodonga;
- Qantas Founders Outback Museum, Longreach;
- QantasLink Newcastle Knights;
- QantasLink Northern Tasmania Football League;
- QantasLink Squad (Western Australian Cricket Association initiative in the Pilbara); and
- Riverina Theatre Company, Wagga Wagga.



MATTHEW SNARE, Research and Development Chef, Snap Fresh. At Qantas subsidiary Snap Fresh, Matthew takes quality produce and designs flavour-driven dishes for Qantas customers. Snap Fresh will be able to produce up to 20 million snap frozen meals per year for Qantas, other airlines and, ultimately, businesses in the hospitality, health care and mining industries.

subsidiary businesses

QANTAS *has a number of non-flying, airline-related subsidiary businesses, including Qantas Flight* Catering, Qantas Holidays and Qantas Freight. Qantas subsidiary businesses, including QantasLink, contributed 26 per cent of the Qantas Group's earnings before interest and tax in the 2002 financial year. By shaping and growing these key businesses so that they contribute about one third of future profits, Qantas hopes to boost the airline's overall profitability.

CATERING Qantas operates three catering businesses within the Qantas Catering Group – Qantas *Flight Catering Limited (QFCL), Caterair Airport Services and Snap Fresh. These three businesses* collectively employ more than 3,800 Australians.

The Qantas Catering Group operates seven catering centres in Sydney, Melbourne, Brisbane, Cairns, Adelaide and Perth.

During the year, Qantas Catering Group provided nearly 38 million meals to Qantas and other airlines as well as non-airline clients including railways and hospitals.

On 1 February 2002, Qantas Chairman Margaret Jackson and Queensland Premier Peter Beattie opened Snap Fresh – a wholly owned Qantas subsidiary located at Crestmead on the outskirts of Brisbane.

Snap Fresh is one of the most modern meal production centres in the world, using rapid freezing technology to produce meals that retain all the goodness and flavour of their natural ingredients.

Snap Fresh has a team of about 70 people and will grow to produce up to 20 million meals each year for Qantas, other airlines and businesses in the hospitality, health care and mining industries.

QANTAS HOLIDAYS is Australia's largest travel wholesaler of both international and domestic holidays designed for independent travellers and small groups. Qantas Holidays caters to more than one million customers a year and employs more than 1,000 people across the world, including nearly 700 within Australia.

With nearly 30 years' experience, Qantas Holidays continues to offer customers an unsurpassed range of holiday packages and product.

The 2001–2002 product range encompassed 37 brochures covering Australia, Asia, Africa, Europe, Canada, the Pacific and North and South America.

As a travel industry leader, Qantas Holidays was recognised with a number of highly regarded *awards, including the National Travel Industry Award for Wholesaler of the Year for the fifth* consecutive year.

In August 2001, Qantas and Qantas Holidays created a new website exclusively for Australia-based travel agents, giving them quick and easy access to on-line information to help them help their customers. Information available on-line includes flyers that can be emailed directly to customers and Federal Government travel advisories.

freight

QANTAS FREIGHT is the specialised air freight division of Qantas and has been operating since the inaugural Qantas scheduled service in November 1922.

Qantas Freight employs more than 700 people and offers a varied and flexible range of services through three primary products – Cargo, Mail and Express Service – on all international sectors of Qantas flights.

QF 20 02

Domestic freight is marketed by Australian air Express (AaE), a 50 per cent joint venture company with Australia Post. AaE is the largest domestic airline-haul company in Australia.

Qantas Freight carries letters and lettuces, parcels and pets, frozen seafood and prime breeding stock. Special facilities include coolrooms and freezers for perishable goods, warmrooms for tropical fish and other live animals and strongrooms and safes for valuables.

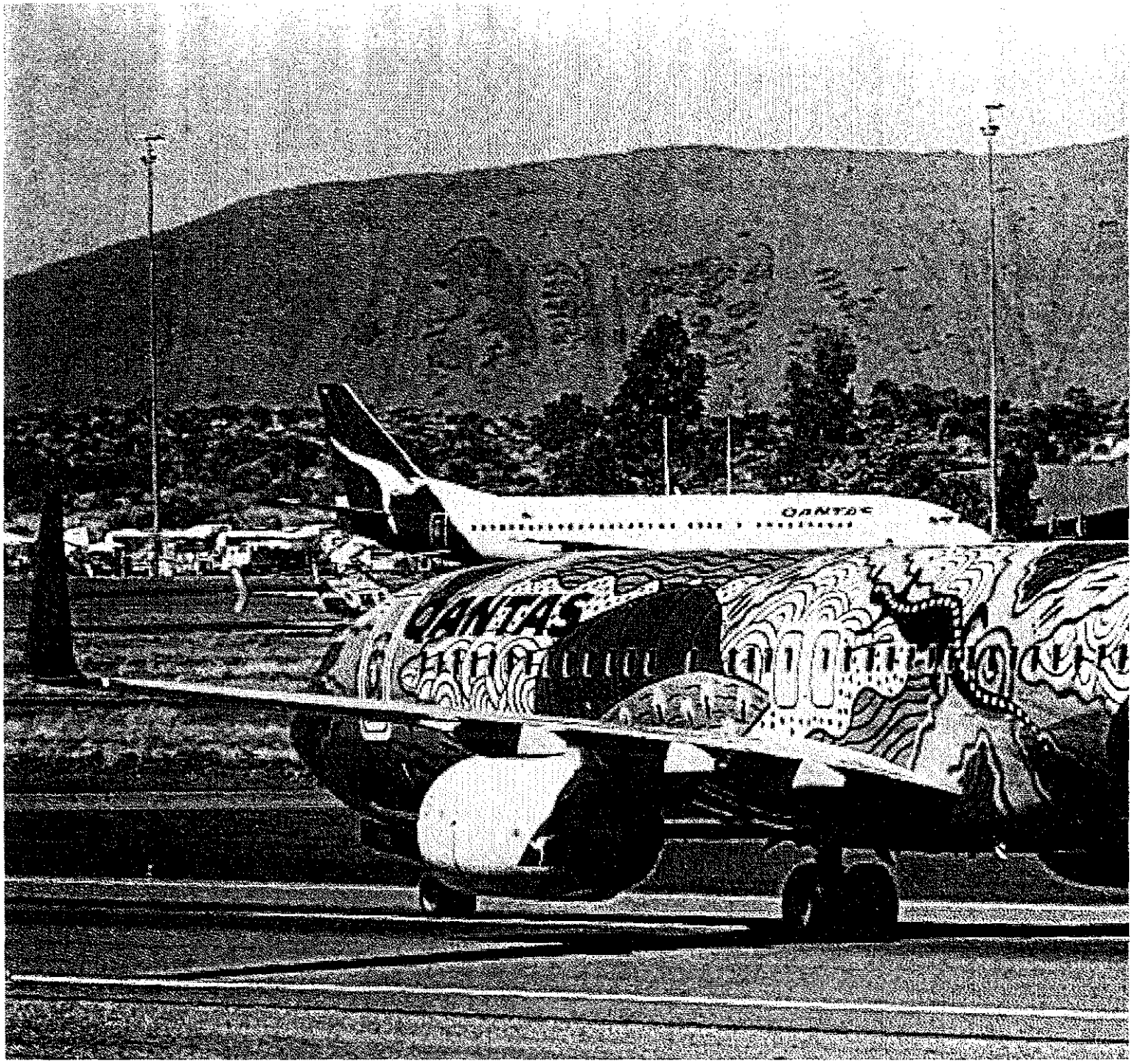
Early this year, Qantas Freight coordinated the movement of the Relics of St Therese of Lisieux during a three-month tour of Australia. The Relics attracted huge crowds across the country and the tour was described by the Catholic Church as the largest Catholic event in Australia since the visit of the Pope.

During the year, significant investment was made in upgrading security at Qantas freight terminals to ensure safer handling and more secure transport of all air freight.

Qantas Freight is part of the oneworld global route network of 135 countries and territories – and growing. During this year, for example, Qantas joined forces with US-based freighter, Polar Air Cargo, to provide customers with a full range of all-cargo services across the South Pacific.

Qantas Freight is an industry leader in e-commerce with 80 per cent of bookings now made on-line and a range of services that provide fast and easy access to accurate information on worldwide freight movements round the clock. Indeed, Qantas Freight was selected as a finalist in the 2002 Ericsson Innovation Awards for *Follow Me Tracking*, an internet-based tracking application which informs customers of the status of their freight as it moves from origin to destination.

PETER FRASER, Managing Director Lobster Australia. A leader in the Australian seafood industry, Fremantle's Lobster Australia handles more than 2,000 tonnes of lobster and other seafood each year and exports across the country and into Asia. Managing Director Peter Fraser relies heavily on Qantas freight services to get the company's produce to where it needs to be.



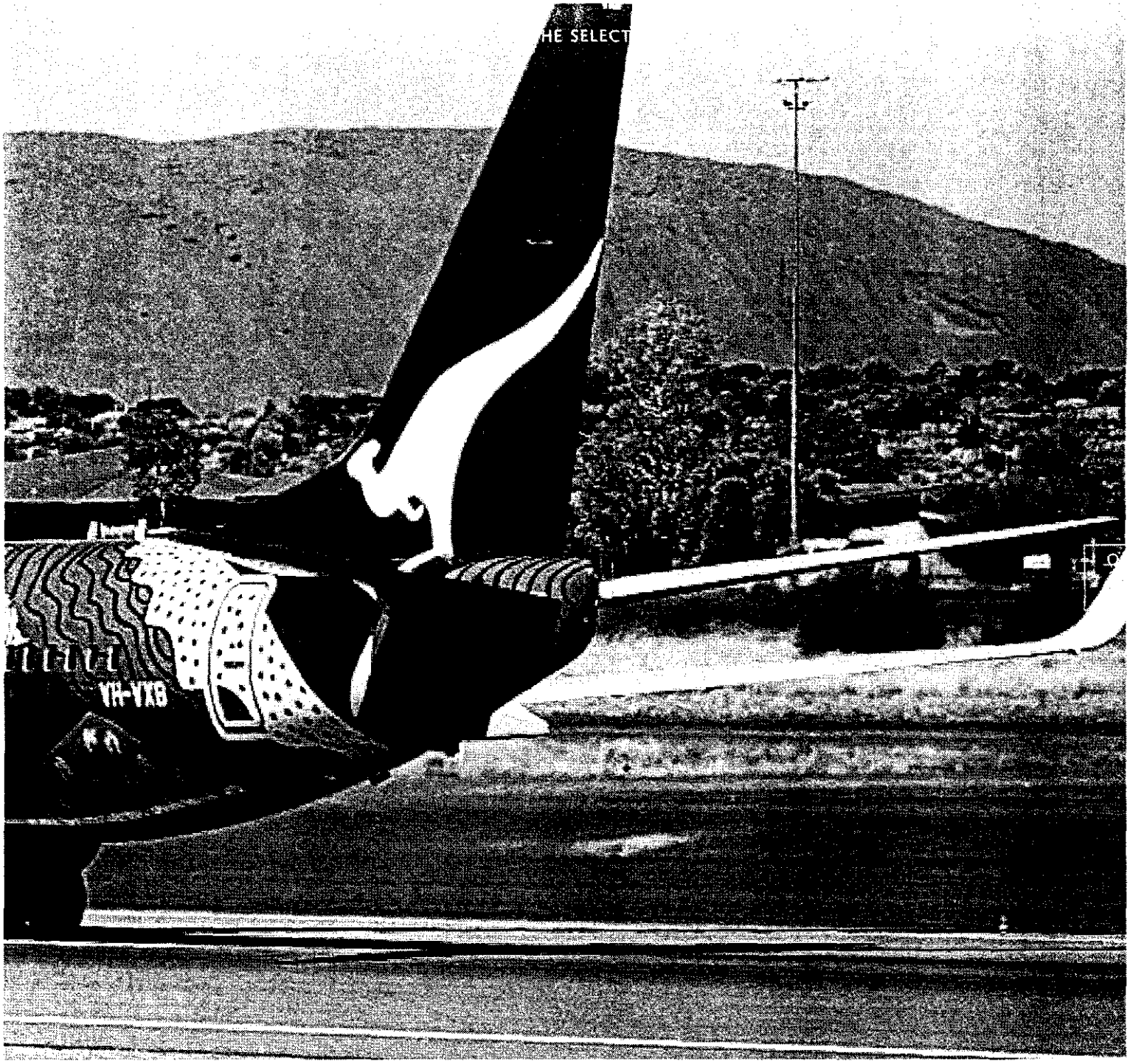
fleet

QANTAS FLEET Qantas continues to be a world leader in the selection of new aircraft types. Highlights of the year included:

- delivery of 15 Next Generation Boeing 737-800s between February and August 2002;
- the ordering of an additional four Boeing 737-800s for delivery from May 2003;
- delivery of six Boeing 717s between April and June 2002;
- finalising preparations for the delivery in November 2002 of the first of six Boeing 747-400ER aircraft;
- finalising preparations for the delivery in November 2002 of the first of 13 Airbus A330 aircraft; and
- continuing preparations for the delivery of 12 Airbus A380 aircraft between 2006 and 2011.

The new Boeing 737-800s are more fuel efficient and cost effective and offer more spacious cabins, more headroom and larger windows than the Boeing 737-300.

The speed with which Qantas selected and acquired these aircraft was unprecedented in the airline's history. The first new aircraft entered service just three months after a contract was signed with Boeing and all 15 were operating six months later.



YANANYI DREAMING. The third Qantas plane to become a flying work of art, Yananyi Dreaming was used to launch Qantas' fleet of 15 new Boeing 737-800 aircraft. The spectacular aircraft is a collaborative design between Sydney's Balarinji Studio and Uluru indigenous artist, Rene Kulitja. The new 737-800s feature the latest Boeing technology and design, including distinctive 2.5 metre 'winglets' that give the aircraft greater range and more fuel-efficient and cost-effective operation. They have already become the single-aisle flagship aircraft of the Qantas domestic fleet, flying routes serving Sydney, Melbourne, Brisbane, the Gold Coast, Adelaide, Cairns and Ayers Rock.

OPERATIONAL AIRCRAFT FLEET (as at 30 June 2002)*

Aircraft Type	Owned, HP & Finance Leases	Other Operating Leases	Total in Service
Boeing 747-400	18	7	25
Boeing 747-300	6	–	6
Boeing 747-200**	3	–	2
Boeing 767-300ER	17	12	29
Boeing 767-200ER	7	–	7
*Boeing 737-800****	*9*	–	*9*
Boeing 737-400	21	1	22
Boeing 737-300	16	1	17
Total Core Fleet	**97**	**21**	**117**

Aircraft Type	Owned, HP & Finance Leases	Other Operating Leases	Total in Service
British Aerospace 146	–	17	17
De Havilland Dash 8	28	4	32
Shorts 360	1	–	1
Beechcraft 1900***	12	–	12
Boeing 717-200	–	14	14
Total QantasLink Fleet	**41**	**35**	***76***
Total Qantas Fleet	**138**	**56**	**193**

* excludes two Boeing 767s, six Boeing 737s and one Dash 8 currently operating under short-term lease agreement

** one Boeing 747-200 on lease to Air Pacific

*** at 20 August 2002, an additional six Boeing 737-800 aircraft had joined the fleet and the 12 Beechcraft 1900 aircraft had been retired

community

QANTAS continues to play a vital role in supporting cultural, sporting and community organisations across Australia. The company also has well established programs for indigenous Australian employees and communities.

COMMUNITY SUPPORT Every day of the year, Qantas helps people who are disadvantaged, chronically ill or in need of urgent assistance. Qantas' support for major community organisations includes:

- Bobby Goldsmith Foundation
- CanTeen
- CARE Australia
- Clean Up Australia and Clean Up the World
- Mission Australia
- National Breast Cancer Foundation
- National Australia Day Council Australian of the Year Awards
- Starlight Children's Foundation of Australia
- UNICEF Change for Good
- World Vision.

THE ARTS During the year, Qantas entered into new sponsorship agreements with:

- Australian Ballet
- Australian Chamber Orchestra.

These new partnerships complemented the company's long-term relationships with:

- Art Gallery of NSW
- Australian Brandenburg Orchestra
- Australia Business Arts Foundation
- Australian Youth Orchestra
- Bangarra Dance Theatre
- Bell Shakespeare Company
- Melbourne Festival
- Musica Viva
- Opera Australia
- Sydney Dance Company.

SPORT Qantas was a major sponsor of the 2001 Goodwill Games in Brisbane and this year entered into new agreements with:

- Australian Cricket Board
- Australian Football League
- National Rugby League.

Qantas also continued its partnerships with:

- Australian Formula One Grand Prix
- Australian Rugby Union
- Australian Swimming
- One Basketball
- Netball Australia
- Soccer Australia
- Tennis Australia.

INDIGENOUS PROGRAMS Qantas is committed to working in partnership with Aboriginal and Torres Strait Islander communities through a range of initiatives, including employment and training programs, community involvement and sponsorships.

Through the Qantas Indigenous Employment Program, 180 indigenous Australians are employed in areas including catering, engineering and maintenance, airports, flight operations, ramp services, cabin crew, human resources, sales and freight.

Qantas is a signatory to the Federal Government's Corporate Leaders for Indigenous Employment Project, which aims to generate more jobs in the private sector for indigenous people.

ENVIRONMENT Qantas is committed to promoting processes and work practices that minimise the environmental impact of its operations and the airline is a long-time supporter of Clean Up Australia and Clean Up the World.

Qantas and Visy Closed Loop were recognised at the prestigious 2002 Banksia Environmental Awards for the environmental benefits flowing from the boxed meals introduced on Qantas domestic services in 2001. The boxes substantially reduce waste – about 250 tonnes of materials are recycled every month that may otherwise have gone to landfill – and deliver energy savings when compared with the traditional tray service.

Qantas will also be presented with a Bronze Award at the Sustainable Energy Development Authority's Globe Awards in October 2002 because the introduction of lighting and air-conditioning improvements and the use of solar energy have reduced Qantas' greenhouse gas emissions by almost 10,000 tonnes per year.

STARLIGHT CHILDREN'S FOUNDATION OF AUSTRALIA Eleven-year-old Debbie Thake and Captain Starbright enjoy the fun and games of the Starlight Room at Sydney Children's Hospital, Randwick. Qantas supports dozens of charitable, cultural and sporting institutions and organisations each year, including the Starlight Children's Foundation which brightens the lives of seriously ill children and their families, by the granting of wishes and providing entertainment both in and out of hospitals throughout Australia. Qantas staff are also very active when it comes to their own fundraising efforts. One unique program is Teams for Dreams where staff work with the Foundation to raise funds and then personally deliver dreams and wishes to children.

board of directors

Margaret Jackson
Chairman

Geoff Dixon
Chief Executive Officer

Peter Gregg
Chief Financial Officer

Paul Anderson
Non-Executive Director

Mike Codd, AC
Non-Executive Director

Trevor Eastwood, AM
Non-Executive Director

Jim Kennedy, AO, CBE
Non-Executive Director

Trevor Kennedy, AM
Non-Executive Director

Roger Maynard
Non-Executive Director

Dr John Schubert
Non-Executive Director

Nick Tait
Non-Executive Director

Margaret Jackson
Chairman, Age 49

- 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 and Billabong International Limited
- Fellow of the Institute of Chartered Accountants in Australia
- Member of the Business Council of Australia Chairman's Panel
- Council Member of the Asialink Centre

Geoff Dixon
Chief Executive Officer, Age 62

- Appointed to the Board in August 2000 and as Chief Executive Officer 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
- Member of the Boards of Mission Australia and the Starlight Foundation of Australia

Peter Gregg
Chief Financial Officer, Age 47

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

Paul Anderson
Non-Executive Director, Age 57

- Appointed to the Board in September 2002
- Non-Executive Director of BHP Billiton Limited, BHP Billiton Plc and Temple-Inland Inc
- Board of the Business Council of Australia
- Member of the Advisory Board of Stanford University Graduate School of Business
- Global Counsellor for The Conference Board

Mike Codd, AC
Non-Executive Director, Age 62

- Appointed to the Board in January 1992
- Chairman of the Safety, Environment & Security Committee
- Member of the Audit, Risk & Compliance Committee
- Chancellor, University of Wollongong
- Chairman of National Australia Asset Management Limited and National Corporate Investment Services Limited
- Director of 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 60

- Appointed to the Board in October 1995
- Member of the Audit, Risk & Compliance Committee and the Chairman's Committee
- Chairman of Gresham Partners Holdings Limited and Gresham Rabo Management Limited
- Director of Wesfarmers Limited
- Fellow of Curtin University, the Australian Institute of Management and the Australian Institute of Company Directors

Jim Kennedy, AO, CBE
Non-Executive Director, Age 68

- Appointed to the Board in October 1995
- Chairman of the Audit, Risk & Compliance Committee
- Member of the Chairman's Committee
- Deputy Chairman of GWA International Limited
- Director of the Australian Stock Exchange Limited, Macquarie Goodman Management Limited, Macquarie Goodman Funds Management Limited and Suncorp-Metway Limited
- Member of the Advisory Board of Blake Dawson Waldron and the Prime Minister's "Community Business Partnership"

Trevor Kennedy, AM
Non-Executive Director, Age 60

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

Roger Maynard
Non-Executive Director, Age 59

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

Dr John Schubert
Non-Executive Director, Age 59

- Appointed to the Board in October 2000
- Member of the Safety, Environment & Security Committee
- Deputy Chairman of Commonwealth Bank of Australia
- Director of BHP Billiton Limited, BHP Billiton Plc and Hanson Plc
- President of the Business Council of Australia
- Chairman of the Advisory Board of Worley Limited
- Chairman of G2 Therapies Limited
- Director of the Australian Graduate School of Management Limited, the Great Barrier Reef Research Foundation, the Salvation Army Advisory Board and the Opera Australia National Foundation

Nick Tait
Non-Executive Director, Age 63

- 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 Services Pty Limited and the Garvan Research Foundation
- Fellow of the Australian Institute of Company Directors

executive committee

Geoff Dixon
Chief Executive Officer

Peter Gregg
Chief Financial Officer

Denis Adams
Chief Executive Officer
Australian Airlines

Fiona Balfour
Executive General Manager
and Chief Information Officer

John Borghetti
Executive General Manager
Sales and Marketing

Kevin Brown
Executive General Manager
Human Resources

Paul Edwards
Executive General Manager
Airline Strategy and Network

Grant Fenn
Executive General Manager
Finance and Deputy Chief
Financial Officer

David Forsyth
Executive General Manager
Aircraft Operations

David Hawes
Group General Manager,
Government and
International Relations

Brett Johnson
General Counsel and
Company Secretary

Narendra Kumar
Executive General Manager
Subsidiary Businesses

Michael Sharp
Group General Manager
Public Affairs

BOARD RESPONSIBILITIES

In preparing this Statement, the Qantas Board has focussed on the structure and values which it has in place to ensure that the *Board protects and enhances shareholder value.*

The Board maintains, and ensures that Qantas management maintains, the highest level of corporate ethics. The Board comprises a majority of independent Non-Executive Directors who, together with the BA Directors and Executive Directors, have extensive commercial experience and bring independence, accountability and judgement to the Board's deliberations to ensure maximum benefit to shareholders, employees and the wider community.

In particular, the Board:

- ensures compliance with laws and all appropriate accounting standards
- sets and reviews strategic direction
- *monitors the operating and financial performance of the* Qantas Group
- monitors the performance of the Chief Executive Officer, Chief Financial Officer and executive management
- monitors risk management
- ensures that the market and shareholders are fully informed of material developments

BOARD STRUCTURE

- 11 Directors
- seven independent Non-Executive Directors elected by shareholders other than British Airways – no substantial shareholder/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 six year term for the Chairman
- two Non-Executive Directors are appointed by British Airways (a right acquired from the Australian Government in 1993 when British Airways purchased its shareholding)
- two Executive Directors – Chief Executive Officer and Chief Financial Officer
- new independent Non-Executive Directors are nominated by the Chairman's Committee, appointed by the other independent Non-Executive Directors and elected by shareholders
- details of the Directors and their qualifications are on page 25
- at the 2000 Annual General Meeting, shareholders approved the entering of Director Protection Deeds with each Director

AUSTRALIAN PROVISIONS

- the Constitution contains provisions 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 per cent aggregate foreign ownership
  - *maximum 35 per cent aggregate foreign airline ownership*
  - maximum 25 per cent ownership by one foreign person

BOARD MEETINGS

- eight formal meetings a year
- *additional meetings held as required (eg during the aviation* crisis resulting from the combination of the 11 September 2001 terrorist attacks and the 14 September 2001 collapse of Ansett)
- 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
- Audit, Risk & Compliance Committee – assists the Board in fulfilling its audit, accounting and reporting obligations, monitors internal and external auditors (including the independence of the 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 – review Board's performance and remuneration, nomination of new Directors, recommends remuneration for Chief Executive Officer and senior executives and monitors succession planning
- Nominations Committee – approval of Chairman and any *Alternate Directors*
- the Audit, Risk & Compliance Committee, Safety, Environment & Security Committee and Chairman's Committee operate under formal Terms of Reference which are updated regularly
- Non-Executive Directors are a majority on and hold the Chair of all Committees
- Chairman of the Audit, Risk & Compliance Committee has appropriate financial experience
- membership of and attendance at 2002 Board and Committee meetings are 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/ offshore operations
- Chief Executive Officer and Chief Financial Officer certify the accuracy and completeness of financial information provided to the Board
- independent professional advice is available to the Directors
- formal Code of Conduct – including conflict of interest
- formal share trading policy
- formal Continuous Disclosure Policy – ensures compliance with the Listing Rules and Corporations Act and that all shareholders have equal access to material information

EXTERNAL AUDITOR INDEPENDENCE

- the Board closely monitors the independence of the external auditors
- regularly reviews the independence safeguards put in place by the external auditors
- requires the rotation of the audit partner every seven years
- policies to restrict the type of non-audit services which can be provided by the external auditors
- undertakes a detailed monthly review of non-audit fees paid to the external auditor
- imposes restrictions on the employment of ex-employees of the external auditor
- the Audit, Risk & Compliance Committee meets regularly with management without the external auditors and with the external auditors without management

performance summary
for the year ended 30 June 2002

	Qantas Group		
	2002 $M	2001 $M	Increase/ (Decrease) %
Financial results			
Sales and operating revenue			
Net passenger revenue	9,027.5	7,941.8	13.7
Net freight revenue	563.6	596.3	(5.5)
Tours and travel revenue	674.4	604.3	11.6
Contract work revenue	479.1	457.3	4.8
Other sources*	578.0	588.5	(1.8)
Sales and operating revenue	11,322.6	10,188.2	11.1
Expenditure			
Manpower and staff related	2,689.2	2,549.9	5.5
Selling and marketing	1,158.7	1,141.6	1.5
Aircraft operating – variable	2,200.9	2,023.0	8.8
Fuel and oil	1,570.0	1,329.8	18.1
Property	264.3	246.9	7.0
Computer and communication	408.4	365.0	11.9
Depreciation and amortisation	693.5	706.7	(1.9)
Non-cancellable operating lease rentals	255.7	181.8	40.6
Tours and travel	584.4	525.7	11.2
Capacity hire	499.9	220.2	127.0
Other	354.4	201.8	75.6
Share of net profit of associates	(36.1)	–	n/a
Expenditure	10,643.3	9,492.4	12.1
Earnings before interest and tax	679.3	695.8	(2.4)
Net borrowing costs	(48.3)	(98.7)	(51.1)
Profit from ordinary activities before related income tax expense	631.0	597.1	5.7
Income tax expense relating to ordinary activities	(201.7)	(177.4)	13.7
Net profit	429.3	419.7	2.3
Outside equity interests in net profit	(1.3)	(4.3)	(69.8)
Net profit attributable to members of the company	428.0	415.4	3.0
Financial position			
Total assets	14,801.5	12,513.6	18.3
Total liabilities	10,548.0	9,197.7	14.7
Total equity	4,253.5	3,315.9	28.3
Cash flows			
Net cash provided by operating activities	1,143.3	1,100.7	3.9
Net cash used in investing activities	(2,306.1)	(871.3)	164.7
Net cash provided by/(used in) financing activities	1,688.8	(659.0)	356.3
Net increase/(decrease) in cash held	526.0	(429.6)	222.4
Performance ratios			
Net debt to net debt plus equity (ratio)	31:69	28:72	n/a
Net debt to net debt plus equity including off balance sheet debt (ratio)	50:50	55:45	n/a
Net debt to net debt plus equity including off balance sheet debt and revenue hedge receivables (ratio)	49:51	53:47	n/a
Earnings per share (cents per share)	29.1	33.0	(11.8)
Return on shareholders' equity (percentage)	10.1	12.6	(2.5) points
Return on shareholders' equity including the notional capitalisation of non-cancellable operating leases on a hedged basis (percentage)	12.0	10.6	1.4 points
Profit from ordinary activities before income tax expense as a percentage of sales and operating revenue (percentage)	5.6	5.9	(0.3) points
Earnings before interest and tax as a percentage of sales and operating revenue (percentage)	6.0	6.8	(0.8) points

* Excludes proceeds on sale (and on sale and leaseback) of non-current assets of $52.0 million (2001: $163.9 million), and interest revenue of $69.3 million (2001: $69.0 million) which is included in net borrowing costs.

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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).

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 2002 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
Peter Gregg
Mike Codd, AC
Rod Eddington# (resigned 23 November 2001)
Trevor Kennedy, AM
John Rishton~ (ceased to be an alternate Director 23 November 2001)
Geoff Dixon
Paul Anderson (appointed 2 September 2002)
Trevor Eastwood, AM
Jim Kennedy, AO, CBE
Roger Maynard
John Schubert
Nick Tait.

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

Rod Eddington is the Chief Executive Officer of British Airways Plc. When it was not possible for him to attend Qantas Board Meetings, he was represented by an alternate, Roger Maynard.

~ John Rishton 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 $140.7 million (final ordinary dividend of 9.0 cents per share) for the year ended 30 June 2002 (2001: final ordinary dividend of 9.0 cents per share). The final dividend will be fully franked and follows a fully franked interim ordinary dividend of $124.1 million (8.0 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 23. 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

On 21 August 2002, Qantas announced its intention to raise up to $800 million of ordinary equity through an entitlement offer to existing shareholders to support its capital expenditure program and help fund other potential investment opportunities that may arise.

The funds will be raised by way of a non-renounceable entitlement offer made in two parts, an institutional entitlement offer of $600 million and a retail entitlement offer of $200 million. Qualifying shareholders will be entitled to subscribe for a pro-rata entitlement of 1 ordinary share for every 8.2 ordinary shares held, at an issue price of $4.20 per share.

The institutional component and $100 million of the retail component of the offer have been underwritten.

The institutional entitlement offer was successfully completed on 23 August 2002. Qantas will allocate shares to participating institutions on 5 September 2002.

A prospectus for the retail entitlement offer is scheduled to be dispatched to qualifying shareholders by 6 September 2002 to allow those shareholders to subscribe for ordinary shares. The retail entitlement offer is scheduled to open on 9 September 2002 and close on 27 September 2002.

Other than the abovementioned, 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

Pages 6 to 23 of this report include 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 could be unreasonably prejudicial to the Qantas Group.

Directors' meetings

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

	Qantas Board		Audit, Risk & Compliance Committee		Safety, Environment & Security Committee		Chairman's Committee	
Directors	Attended	Held[1]	Attended	Held[1]	Attended	Held[1]	Attended	Held[1]
Margaret Jackson	11	11	3[2]	3	4[2]	4	2	2
Geoff Dixon	11	11	3[2]	3	2	4	2[2]	2
Peter Gregg	11	11	3[2]	3	1[2]	4		
Mike Codd	9	11	3	3	4	4		
Trevor Eastwood	11	11	3	3			2	2
Rod Eddington	3[3]	6						
Jim Kennedy	11	11	3	3			2	2
Trevor Kennedy	11	11						
Roger Maynard	11	11	3	3			1[2]	2
John Schubert	11	11			4	4		
Nick Tait	11	11			4	4	2	2

1 Reflects the number of meetings held during the time that the Director held office during the financial year.
2 Attended meetings in an ex-officio capacity.
3 When not present in person, represented by his alternate Roger Maynard.

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	2002 Number	2001 Number
Margaret Jackson	117,284	110,022
Geoff Dixon	14,504	13,718
Peter Gregg	4,292	3,974
Paul Anderson	25,000	–
Mike Codd	9,376	8,000
Trevor Eastwood	11,857	10,366
Jim Kennedy	1,975	1,000
Trevor Kennedy	122,750	120,800
John Schubert	30,975	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 expiry of the relevant senior executive's service contract, 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).

In addition, the service contracts of certain Executive Directors and senior executives provide for the payment of a bonus on the completion of five years' service. This bonus is payable when the Executive Director or senior 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	280,000	73,684	8,803	–	362,487
Mike Codd	98,000	46,838	7,840	–	152,678
Trevor Eastwood	91,000	19,113	7,280	–	117,393
Rod Eddington[3]	27,821	–	2,226	–	30,047
Jim Kennedy	98,000	13,070	7,840	–	118,910
Trevor Kennedy	70,000	37,318	5,600	–	112,918
Roger Maynard[3]	80,500	539	6,440	–	87,479
John Rishton[3]	–	–	–	–	–
John Schubert	80,500	10,894	6,440	–	97,834
Nick Tait[3]	91,000	5,598	7,280	–	103,878

Executive Directors	Fixed Annual Remuneration[4] $	Performance Bonus $	Non-Cash Benefit[2,6] $	Termination Payments $	Total $
Geoff Dixon	1,426,500	1,000,000	30,405	–	2,456,905
Peter Gregg	720,000	672,000	28,778	–	1,420,778
Executive Officers (excluding Directors)					
Qantas and Qantas Group					
Current executives					
Paul Edwards	546,014	431,000	47,206	–	1,024,220
John Borghetti	546,014	431,000	40,923	–	1,017,937
David Forsyth	575,000	431,000	6,143	–	1,012,143
Grant Fenn	477,452	398,000	46,565	–	922,017
Denis Adams	460,000	345,000	27,000	–	832,000
Former executives					
James Strong[5]	118,875	–	57,298	3,479,065	3,655,238
David Burden	191,666	–	64,092	1,630,379	1,886,137
Stephen Mann	248,008	188,000	67,823	842,102	1,345,933
George Elsey	116,068	–	32,134	1,024,217	1,172,419

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 except for Nick Tait, whose Director's fees were paid directly to him from 18 August 2001.

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 2002.

6 The amounts disclosed above do not include bonus shares or share entitlements awarded to Qantas employees as described on page 32.

Share entitlements

On 6 December 2001, Qantas awarded 350,000 entitlements to be issued shares in Qantas to a number of 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.

None of the entitlements awarded under the Plan during the year were granted to Executive Directors or the five most highly remunerated executive officers of Qantas and the Qantas Group.

Total entitlements outstanding at 30 June 2002 under the Plan are as follows:

Expiry Date	Exercise Price $	Number of Entitlements[2,3] 2002	2001	Value per Entitlement[4] 2002 $	2001 $
17 November 2007	4.99	5,901,500	8,115,500	1.32	0.48
24 November 2008	3.44	30,590,000	35,250,000	1.85	0.89
24 November 2008	3.62	760,000	760,000	1.79	0.84
6 December 2009[1]	3.25	350,000	–	1.93	–

1 These 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 2002 was $4.60 (30 June 2001: $3.50).
4 The estimated value per entitlement disclosed above is calculated at 30 June 2002 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, $500 of Qantas shares were issued on 7 December 2001 for nil consideration under the Qantas Profitshare Scheme to each eligible employee (excluding Non-Executive Directors). This equated to 126 shares per eligible employee at an average price at date of issue of $3.95.

Environmental obligations

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 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.

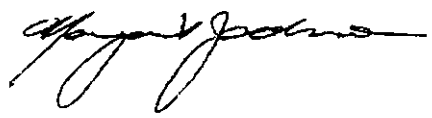
During the financial year, Qantas paid a premium for Directors' and Officers' liability insurance policies, which cover all Directors and officers of the Qantas Group.

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
Sydney, 2 September 2002

Geoff Dixon
Chief Executive Officer

statement of financial performance
for the year ended 30 June 2002

	Notes	Qantas Group 2002 $M	2001 $M
Sales and operating revenue			
Net passenger revenue		9,027.5	7,941.8
Net freight revenue		563.6	596.3
Tours and travel revenue		674.4	604.3
Contract work revenue		479.1	457.3
Other sources*		578.0	588.5
Sales and operating revenue	3	11,322.6	10,188.2
Expenditure			
Manpower and staff related		2,689.2	2,549.9
Selling and marketing		1,158.7	1,141.6
Aircraft operating – variable		2,200.9	2,023.0
Fuel and oil		1,570.0	1,329.8
Property		264.3	246.9
Computer and communication		408.4	365.0
Depreciation and amortisation		693.5	706.7
Non-cancellable operating lease rentals		255.7	181.8
Tours and travel		584.4	525.7
Capacity hire		499.9	220.2
Other		354.4	201.8
Share of net profit of associates		(36.1)	–
Expenditure		10,643.3	9,492.4
Earnings before interest and tax		679.3	695.8
Borrowing costs		(117.6)	(167.7)
Interest revenue	3	69.3	69.0
Net borrowing costs		(48.3)	(98.7)
Profit from ordinary activities before related income tax expense	4	631.0	597.1
Income tax expense relating to ordinary activities	5	(201.7)	(177.4)
Net profit		429.3	419.7
Outside equity interests in net profit		(1.3)	(4.3)
Net profit attributable to members of the company		428.0	415.4
Non-owner transaction changes in equity			
Increase in asset revaluation reserve on using the equity method for investments in associates		2.9	–
Net exchange differences relating to self-sustaining foreign operations		(0.9)	0.3
Total changes in equity from non-owner related transactions attributable to members of the company		430.0	415.7
Basic earnings per share		29.1 cents	33.0 cents
Diluted earnings per share		28.9 cents	32.6 cents

* Excludes proceeds on sale (and on sale and leaseback) of non-current assets of $52.0 million (2001: $163.9 million), and interest revenue of $69.3 million (2001: $69.0 million) which is included in net borrowing costs.

The Statement of Financial Performance should be read in conjunction with the Discussion and Analysis on pages 35 and 36 and the Notes to the Financial Statements on pages 41 to 47.

	Unit	2002	2001	Increase/ (Decrease) %
Qantas Group operational statistics and performance indicators*				
Passengers carried	000	27,128	22,147	22.5
Revenue passenger kilometres (RPK)	M	75,134	70,540	6.5
Available seat kilometres (ASK)	M	95,944	92,943	3.2
Revenue seat factor	%	78.3	75.9	2.4 points
Passenger yield (passenger revenue per RPK)	cents	12.02	11.26	6.7
Average full-time equivalent employees	#	33,044	31,632	4.5
Aircraft in service at balance date	#	193	178	15 units
Return on total revenue	%	3.8	4.1	(0.3) points
Return on total assets	%	2.9	3.3	(0.4) points
Return on shareholders' equity	%	10.1	12.6	(2.5) points

* A glossary of terms appears on page 52.

Review of financial performance

- Profit from ordinary activities before income tax of $631.0 million increased by 5.7 per cent on the prior year.
- *Profit from ordinary activities included the following individually significant items:*
  - a profit on the sale of an investment in EQUANT NV of $31.2 million; and
  - a provision for redundancy costs of $41.5 million.
- Profit from ordinary activities before tax in the prior year included a benefit of $127.3 million relating to a number of individually significant items.
- Net profit attributable to members of the company of $428.0 million increased by 3.0 per cent on the prior year.
- The fully franked final ordinary dividend of 9.0 cents per share brings fully franked ordinary dividends for the year to 17.0 cents per share, 3.0 cents lower than the prior year.
- Basic earnings per share decreased by 11.8 per cent on the prior year to 29.1 cents.
- *Return on shareholders' equity decreased by 2.5 percentage points to 10.1 per cent whilst return on total gross assets* decreased by 1.7 percentage points to 12.0 per cent.

Review of sales and operating revenue

- Sales and operating revenue increased by 11.1 per cent to $11,322.6 million due to:
  - an increase in net passenger revenue of 13.7 per cent to $9,027.5 million due to growth in revenue passenger kilometres of 6.5 per cent together with the improvement in passenger yield of 6.7 per cent. The passenger yield improvement was partly due to a substantial increase in the proportion of flying that operated on the shorter sector, higher yielding domestic network. *Overall capacity grew by 3.2 per cent for the year ended 30 June 2002 compared with the prior year;*
  - international capacity decreased by 5.6 per cent compared with the prior year, 1.1 per cent down in the first half, and 10.1 per cent down in the second half. This was as a result of aircraft being redeployed to the domestic network following the events of 11 September and the collapse of Ansett in September 2001. The revenue seat factor on the international network was 0.2 percentage points down on the prior year during the first half, but 6.2 percentage points higher in the second half. Passenger yield, excluding movements in foreign exchange, was 2.1 per cent lower than the prior year but up by 1.7 per cent in the second half as the global economy recovered and international capacity was reduced;
  - domestic capacity increased by 35.7 per cent for the year ended 30 June 2002 as a whole, up 28.6 per cent in the first half and 42.7 per cent in the second half as long-haul aircraft from international operations were redeployed on domestic sectors, short-term leased capacity was brought in to cope with increased domestic demand and new Boeing 737-800 aircraft were acquired. The revenue seat factor was down 0.8 percentage points on the prior year in the first half and up 1.6 percentage points in the second half. Passenger yield, excluding movements in foreign exchange, was up 5.7 per cent and 7.7 per cent half on half respectively; and
  - a net increase in non-passenger revenue of 2.2 per cent to $2,295.1 million primarily due to increases in tours and travel revenue and contract work revenue.

Review of expenditure

- Total expenditure increased by 12.1 per cent on capacity growth of 3.2 per cent and a higher proportion of more expensive domestic flying.
  - higher manpower and staff-related expenditure, of 5.5 per cent was due to the increase in full-time employees as a result of greater activity and the provision of an incentive bonus to all staff, partially offset by efficiency gains;
  - aircraft operating variable expenditure, which includes maintenance material costs, crew expenses, route navigation and landing fees, increased by 8.8 per cent, primarily due to additional activity, the ageing of the aircraft fleet and the adverse impact of foreign exchange rate movements;
  - increases in fuel and oil expenditure, of 18.1 per cent were a direct result of additional flying, the weaker Australian dollar relative to the US dollar and a reduction in fuel hedging benefits partially offset by the lower average price of jet fuel;
  - computer and communication costs increased by 11.9 per cent as a result of additional reservation fees driven by increased passenger numbers;
  - increased non-cancellable operating lease rentals of 40.6 per cent were mainly due to leasing of additional aircraft; and
  - increased capacity hire of 127.0 per cent was due to short-term leases entered into to cover capacity requirements following the collapse of Ansett.

Review of other statement of financial performance items

- Net borrowing costs decreased by 51.1 per cent. Although average net debt was higher than the prior year, $77.0 million of interest was capitalised into aircraft progress payments and other infrastructure projects.
- Income tax expense relating to ordinary activities increased by 13.7 per cent in line with increased profitability. The effective tax rate increased by 2.3 percentage points to 32.0 per cent due to the impact of an individually significant tax benefit recognised in the prior year partially offset by the favourable movement as a result of a reduction in the corporate tax rate to 30 per cent in the current financial year.

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 $51.0 million adverse.

statement of financial position
as at 30 June 2002

	Notes	Qantas Group 2002 $M	2001 $M
Current assets			
Cash		112.5	145.5
Receivables		2,386.6	1,496.2
Net receivables under hedge/swap contracts		697.7	241.5
Inventories		385.4	332.9
Other		173.5	142.7
Total current assets		3,755.7	2,358.8
Non-current assets			
Receivables		240.0	569.9
Net receivables under hedge/swap contracts		1,398.0	2,135.3
Investments accounted for using the equity method		58.7	42.4
Other investments		15.6	14.0
Property, plant and equipment		9,109.5	7,324.4
Intangible assets		161.0	21.5
Deferred tax assets		34.7	30.9
Other		28.3	16.4
Total non-current assets		11,045.8	10,154.8
Total assets		14,801.5	12,513.6
Current liabilities			
Payables		2,382.3	2,049.1
Interest-bearing liabilities		837.0	974.7
Net payables under hedge/swap contracts		430.8	257.9
Provisions		525.8	512.8
Current tax liabilities		77.9	(8.8)
Revenue received in advance		1,285.2	1,187.8
Deferred lease benefits/income		42.4	39.8
Total current liabilities		5,581.4	5,013.3
Non-current liabilities			
Payables		33.7	–
Interest-bearing liabilities		3,569.9	2,355.6
Net payables under hedge/swap contracts		150.8	576.7
Provisions		351.0	360.4
Deferred tax liabilities		524.7	496.1
Deferred lease benefits/income		329.0	381.6
Other		7.5	14.0
Total non-current liabilities		4,966.6	4,184.4
Total liabilities		10,548.0	9,197.7
Net assets		4,253.5	3,315.9
Equity			
Contributed equity	8	2,946.6	2,173.0
Reserves		56.3	54.3
Retained profits	6	1,239.1	1,078.0
Equity attributable to members of the company		4,242.0	3,305.3
Outside equity interests in controlled entities		11.5	10.6
Total equity	8	4,253.5	3,315.9

The Statement of Financial Position should be read in conjunction with the Discussion and Analysis on page 38 and the Notes to the Financial Statements on pages 41 to 47.

The net assets of the Qantas Group increased by 28.3 per cent to $4,253.5 million during the past financial year. The major items are discussed below.

Review of assets

- Current receivables increased by 59.5 per cent due to an increase in aircraft security deposits, short-term money market securities and term deposits maturing in the next 12 months and a growth in trade debtors in line with increased operational activity.
- Net receivables/payables under hedge/swap contracts remained consistent with the prior financial year, decreasing by 1.8 per cent to $1,514.1 million. Net receivables/payables under hedge/swap contracts represent:
  - 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 15.8 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 24.4 per cent due to progress payments under the aircraft fleet plan, the acquisition of additional aircraft (15 Boeing 737-800s) due to opportunities in the domestic market, and additional spare parts.
- Intangible assets increased due to $150.8 million of goodwill recognised on the acquisition of Impulse Airlines on 21 November 2001.

Review of liabilities

- The growth in total payables and total interest-bearing liabilities of 26.8 per cent reflects the increase in operational activity and the drawdown of the syndicated bank loan facility to finance the new aircraft fleet.
- An increase in total current and deferred tax liabilities of 23.7 per cent is a result of the higher taxable profit and the timing of tax payments.

Review of equity

- Contributed equity increased by $773.6 million as a result of the issue of 149.5 million shares as part of the Institutional Equity Placement, 68.2 million shares as part of the Shareholder Equity Placement, 34.1 million shares as part of the Qantas Dividend Reinvestment Plan and 3.5 million shares under the Qantas Profitshare Scheme.

Gearing

Qantas Group gearing (including the notional capitalisation of non-cancellable operating leases) on a hedged basis at 30 June 2002 was 49:51 compared to 48:52 at 31 December 2001 and 53:47 at 30 June 2001. The decrease in gearing is principally a result of the increase in contributed equity during the past financial year.

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 2002

	Qantas Group	
	2002 $M	2001 $M
Cash flows from operating activities		
Cash receipts in the course of operations	12,043.9	10,527.8
Cash payments in the course of operations	(10,647.7)	(9,145.5)
Interest received	69.1	69.9
Borrowing costs paid	(169.2)	(151.8)
Dividends received	13.1	43.8
Income taxes paid	(165.9)	(243.5)
Net cash provided by operating activities	1,143.3	1,100.7
Cash flows from investing activities		
Payments for property, plant and equipment	(2,463.4)	(995.5)
Receipts for aircraft security deposits	124.6	44.4
Total payments for purchases of property, plant, equipment and aircraft security deposits	(2,338.8)	(951.1)
Proceeds from sale of property, plant and equipment	12.7	16.4
Proceeds from sale and leaseback of property, plant and equipment	–	147.5
Proceeds from sale of investments	39.3	–
Payments for investments, net of cash acquired	(19.3)	(17.1)
Loans to associates	–	(67.0)
Net cash (used in) investing activities	(2,306.1)	(871.3)
Cash flows from financing activities		
Repayments of borrowings/swaps	(1,109.7)	(1,028.0)
Proceeds from borrowings	2,269.9	804.8
Proceeds from the issue of shares	652.7	19.0
Dividends paid	(124.1)	(454.8)
Net cash provided by/(used in) financing activities	1,688.8	(659.0)
Reconciliation of cash provided by/(used in):		
Operating activities	1,143.3	1,100.7
Investing activities	(2,306.1)	(871.3)
Financing activities	1,688.8	(659.0)
Net increase/(decrease) in cash held	526.0	(429.6)
Cash at the beginning of the financial year	259.2	688.8
Cash at the end of the financial year	785.2	259.2

The Statement of Cash Flows is to be read in conjunction with the Discussion and Analysis on page 40 and the Notes to the Financial Statements on pages 41 to 47.

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 increased by 3.9 per cent to $1,143.3 million due to higher profitability.
- Income taxes paid were lower due to the change in corporate tax rates and timing of cash payments.
- Borrowing costs paid increased by 11.5 per cent due to higher average net debt.

Review of cash flows from investing activities

- Cash flows used in investing activities increased by $1,434.8 million to $2,306.1 million. The prior year included the sale and leaseback of the Mascot Head Office land and buildings, which generated proceeds of $147.5 million.
- Total capital expenditure of $2,463.4 million for the year predominantly related to aircraft progress payments for new aircraft, engines and spare parts made under the new aircraft fleet plan as well as the acquisition of additional aircraft (15 Boeing 737-800s) as a result of opportunities in the domestic market following the collapse of Ansett.
- Payments for investments made during the year for $19.3 million comprised investments in Impulse Airlines, Airport Infrastructure Finance, Travel Exchange Asia and Air Pacific.
- Proceeds on the sale of investments of $39.3 million represented the proceeds on the sale of the Qantas Group's investment in EQUANT NV.

Review of cash flows from financing activities

- Cash flows from financing activities increased by $2,347.8 million from cash outflows of $659.0 million in the prior financial year to cash inflows of $1,688.8 million in the current year.
- Repayments of borrowings/swaps of $1,109.7 million comprises repayments of short-term borrowings, swaps, loans and leases.
- Proceeds from borrowings of $2,269.9 million include the drawdown of a syndicated bank loan facility, secured funding, the issue of a medium-term note and the issue of other short-term commercial paper.
- Proceeds from the issue of shares of $652.7 million reflects the proceeds received from the Institutional and Shareholder Equity Placements. The prior year reflects proceeds received from the underwriters as part of the Dividend Reinvestment Plan.
- Dividend payments represent total dividends paid, net of $120.9 million which was converted directly to shares via the Dividend Reinvestment Plan.

1. Basis of the 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. Change in accounting policy

Earnings per share

The Qantas Group has applied AASB 1027 Earnings Per Share (issued June 2001) for the first time from 1 July 2001.

The basic earnings per share (EPS) earnings are now calculated using net profit or loss, rather than excluding extraordinary items. The diluted EPS weighted average number of shares now includes the number of ordinary shares assumed to be issued for nil consideration in relation to dilutive potential ordinary shares. The number of ordinary shares assumed to be issued for no consideration represents the difference between the number that would have been issued at the exercise price and the number that would have been issued at the average market price.

The change in accounting policy has not affected the EPS in the current or prior financial years.

Segment reporting

The Qantas Group has applied the revised AASB 1005 Segment Reporting (issued in August 2000) for the first time from 1 July 2001.

Individual business segments have been identified on the basis of grouping individual products or services subject to similar risks and returns. The new business segments reported are Aircraft Operations, Tours and Travel, and Catering.

Foreign currency translation

The Qantas Group has applied the revised AASB 1012 Foreign Currency Translation (issued in November 2000) for the first time from 1 July 2001. This had no financial effect in the current or prior financial years.

	Qantas Group 2002 $M	2001 $M
3. Revenue from ordinary activities		
Revenue		
Revenue from operating activities		
Sales and operating revenue		
Related parties		
– associates	84.8	77.1
– other related parties	31.9	26.8
Other parties	11,205.6	10,023.4
Dividend revenue		
Related parties		
– associates	–	60.9
Other parties	0.3	–
Sales and operating revenue	11,322.6	10,188.2
Revenue from outside operating activities		
Interest revenue		
Other parties	69.3	69.0
Proceeds from sale of property, plant and equipment	12.7	16.4
Proceeds from sale of investments	39.3	–
Proceeds from sale and leaseback of property, plant and equipment	–	147.5
Total revenue	11,443.9	10,421.1
4. Individually significant items included in profit from ordinary activities before income tax expense		
Profit on the sale of an investment in EQUANT NV	31.2	–
Provision for redundancy costs	(41.5)	(35.0)
Profit on sale of Mascot Head Office land and buildings	–	41.2
Revenue relating to assets sold by an associated company	–	43.3
Dividends received related to assets sold by an associated company	–	31.8
Change in accounting policy for software development costs	–	46.0
5. Individually significant income tax item		
Restatement of deferred tax balances due to the change in the company tax rate	–	20.0
6. Retained profits		
Retained profits at the beginning of the year	1,078.0	926.8
Net profit attributable to members of the company	428.0	415.4
Dividends*	(266.9)	(264.2)
Retained profits at the end of the year	1,239.1	1,078.0

* Includes dividends paid to outside equity interests.

7. Dividends

Dividends paid or proposed by Qantas are:

Type	Cents per Share	Total Amount $M	Date of Payment	Franked Tax Rate %	Percentage Franked %
2002					
Interim ordinary	**8.0**	**124.1**	10 April 2002	30	100
Final ordinary	**9.0**	**140.7**	2 October 2002	30	100
	17.0	**264.8**			
2001					
Interim ordinary	11.0	141.5	4 April 2001	34	100
Final ordinary	9.0	117.8	3 October 2001	30	100
	20.0	259.3			

	Qantas Group	
	2002 $M	2001 $M
Total franking account balance at 30.0 per cent (2001: 30.0 per cent)	**407.1**	241.4

The above amount represents the balance of the franking accounts as at year end, 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;

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the year end; and

(d) franking credits that may be prevented from being distributed in subsequent years.

The ability to utilise franking credits is dependent upon there being sufficient available profits to declare dividends.

From 1 July 2002, the New Business Tax System (Imputation) Act 2002 requires measurement of franking credits based on the amount of income tax paid, rather than on after tax profits.

As a result, the "franking credits available" for the Qantas Group were converted from $407.1 million to $174.5 million as at 1 July 2002.

This change in the basis of measurement does not change the value of franking credits to shareholders who may be entitled to franking credit benefits.

	Qantas Group	
	2002 $M	2001 $M
8. Total equity reconciliation		
Total equity at the beginning of the year	3,315.9	2,864.4
Total changes in equity recognised in the Statement of Financial Performance	430.0	415.7
Contributions of equity	773.6	291.0
Dividends	(266.9)	(264.2)
Total changes in outside equity interests	0.9	9.0
Total equity at the end of the year	4,253.5	3,315.9
Contributed equity 1,563,858,757 (2001: 1,308,612,512) ordinary shares, fully paid	2,946.6	2,173.0

9. Segment information

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

Aircraft Operations – operation of aircraft for passenger and freight services.
Tours and Travel – sale of packaged holidays.
Catering – production and distribution of meals.

	Aircraft Operations		Tours and Travel		Catering		Eliminations		Consolidated	
	Jun 02 $M	Jun 01 $M	Jun 02 $M	Jun 01 $M	Jun 02 $M	Jun 01 $M	Jun 02 $M	Jun 01 $M	Jun 02 $M	Jun 01 $M
Analysis by business segments										
Revenue										
External segment revenue	10,494.1	9,436.5	674.4	604.3	154.1	147.4	–	–	11,322.6	10,188.2
Inter-segment revenue	29.1	271.1	451.7	424.3	335.9	306.4	(816.7)	(1,001.8)	–	–
Total segment revenue	10,523.2	9,707.6	1,126.1	1,028.6	490.0	453.8	(816.7)	(1,001.8)	11,322.6	10,188.2
Segment result	477.1	490.1	49.2	44.5	68.6	62.5	–	–	594.9	597.1
Share of net profit of associates	35.4	–	0.7	–	–	–	–	–	36.1	–
Profit from ordinary activities before related income tax expense									631.0	597.1
Income tax expense relating to ordinary activities									(201.7)	(177.4)
Net profit									429.3	419.7
Depreciation and amortisation	680.7	696.5	1.8	1.9	11.0	8.3	–	–	693.5	706.7
Non-cash items	(45.8)	68.7	(1.6)	0.2	(1.8)	(19.0)	–	–	(49.2)	49.9
Individually significant items										
Profit on the sale of an investment in EQUANT NV	31.2	–	–	–	–	–	–	–	31.2	–
Provision for redundancy costs	(41.5)	(35.0)	–	–	–	–	–	–	(41.5)	(35.0)
Profit on sale of Mascot Head *Office land and buildings*	–	41.2	–	–	–	–	–	–	–	41.2
Revenue relating to assets sold by an associated company	–	43.3	–	–	–	–	–	–	–	43.3
Dividends received related to assets sold by an associated company	–	31.8	–	–	–	–	–	–	–	31.8
Change in accounting policy for software development costs	–	46.0	–	–	–	–	–	–	–	46.0
Assets										
Segment assets	14,342.9	12,166.8	307.7	227.9	176.7	131.9	(84.5)	(55.4)	14,742.8	12,471.2
Equity accounted investments	57.6	42.1	1.1	0.3	–	–	–	–	58.7	42.4
Consolidated total assets	14,400.5	12,208.9	308.8	228.2	176.7	131.9	(84.5)	(55.4)	14,801.5	12,513.6
Liabilities										
Consolidated total liabilities	10,442.0	9,014.7	254.4	207.7	117.2	124.4	(265.6)	(149.1)	10,548.0	9,197.7
Acquisition of *non-current assets*	2,445.8	984.8	2.3	2.6	15.3	8.1	–	–	2,463.4	995.5

9. Segment information continued

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

	Qantas Group	
	2002 $M	2001 $M
Analysis of total revenue by geographic region		
Passenger, freight and other services revenue		
Australia	6,232.8	4,788.9
United Kingdom and Europe	942.6	1,003.3
Japan	735.3	761.6
South-East Asia/North-East Asia	736.9	830.8
The Americas and the Pacific	901.1	989.9
Other regions	462.1	392.6
	10,010.8	8,767.1
Other operating revenue		
Tours and travel revenue	674.4	604.3
Other unallocated revenue	637.4	816.8
Sales and operating revenue	11,322.6	10,188.2
Revenue from outside operating activities		
Interest revenue	69.3	69.0
Proceeds from sale of property, plant and equipment	12.7	16.4
Proceeds from sale of investments	39.3	–
Proceeds from sale and leaseback of property, plant and equipment	–	147.5
Total revenue from outside operating activities	121.3	232.9
Total revenue	11,443.9	10,421.1

Segmental analysis of net assets and profit contribution

For the financial year ended 30 June 2002, 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 contributed by the international and domestic airline operations and subsidiary operations.

	Qantas Group	
	2002 $M	2001 $M
Segmental analysis of earnings before interest and tax		
Earnings before interest and tax		
International airline operations	202.8	458.7
Domestic airline operations	298.2	127.4
	501.0	586.1
Subsidiary operations		
Qantas Holidays Group	42.4	33.5
QantasLink Group	42.5	6.4
Qantas Flight Catering Group	69.6	54.3
Other subsidiaries	23.8	15.5
Total subsidiary operations	178.3	109.7
Earnings before interest and tax	679.3	695.8

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

	Qantas Group	
	2002 $M	2001 $M
10. 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	24.8	24.4
Guarantees and letters of comfort to support leveraged and operating lease commitments to other parties on behalf of associated companies	0.1	0.1
	24.9	24.5
Other parties		
General guarantees in the normal course of business	134.2	137.1
Contingent liabilities relating to current and threatened litigation	49.8	36.0
	184.0	173.1
	208.9	197.6

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 $294.1 million (2001: $315.9 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.

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 2002, total unrealised exchange losses on hedges of net revenue designated to service long-term debt were $206.2 million (2001: $329.6 million).

	Qantas Group	
	2002 $M	2001 $M
11. Capital expenditure commitments		
Capital expenditure commitments contracted but *not provided for in the financial statements:*		
Aircraft	8,750.0	10,234.6
Building works	203.7	86.8
Other	516.2	177.9
	9,469.9	10,499.3
Payable		
Not later than one year	2,986.7	1,386.7
Later than one year but not later than five years	4,362.1	4,241.3
Later than five years	2,121.1	4,871.3
	9,469.9	10,499.3

12. Events subsequent to balance date

On 21 August 2002, Qantas announced its intention to raise up to $800 million of ordinary equity through an entitlement offer to existing shareholders to support its capital expenditure program and help fund other potential investment opportunities that may arise.

The funds will be raised by way of a non-renounceable entitlement offer made in two parts, an institutional entitlement offer of $600 million and a retail entitlement offer of $200 million. Qualifying shareholders will be entitled to subscribe for a pro-rata entitlement of 1 ordinary share for every 8.2 ordinary shares held, at an issue price of $4.20 per share.

The institutional component and $100 million of the retail component of the offer have been underwritten.

The institutional entitlement offer was successfully completed on 23 August 2002. Qantas will allocate shares to participating institutions on 5 September 2002.

A prospectus for the retail entitlement offer is scheduled to be dispatched to qualifying shareholders by 6 September 2002 to allow those shareholders to subscribe for ordinary shares. The retail entitlement offer is scheduled to open on 9 September 2002 and close on 27 September 2002.

Other than the abovementioned, 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.

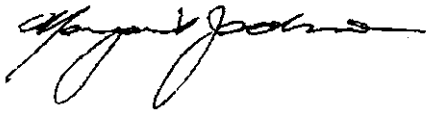
directors' declaration

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 year ended 30 June 2002, set out on pages 27 to 47:

(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, 2 September 2002

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 ("the Company") and its controlled entities for the financial year ended 30 June 2002, 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 27 to 47) 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 year ended 30 June 2002. Our audit report on the full Financial Report was signed on 2 September 2002, and was not subject to any qualification.

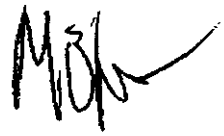
Our procedures in respect of the audit of the Concise Financial Report included testing that the information in the Concise Financial Report is consistent with the full Financial Report and examination, on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures 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 year ended 30 June 2002 complies with Accounting Standard AASB 1039 Concise Financial Reports issued in Australia.

KPMG



Mark Epper
Partner
Sydney, 2 September 2002

shareholder information

The shareholder information set out below was applicable as at 27 August 2002.

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*	19,255,045	37,152	1.23
1,001–5,000	223,031,514	100,978	14.26
5,001–10,000	63,804,786	9,291	4.08
10,001–100,000	76,007,202	3,986	4.86
100,001 and over	1,181,760,210	202	75.57
	1,563,858,757	151,609	100.00

* 3,869 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	332,588,055	21.27
J P Morgan Nominees Australia Limited	229,481,429	14.67
National Nominees Limited	126,597,806	8.09
Westpac Custodian Nominees Limited	95,595,989	6.11
RBC Global Services Australia Nominees Pty Limited	40,551,932	2.59
Commonwealth Custodial Services Limited	37,163,252	2.38
Queensland Investment Corporation	34,652,807	2.22
Citicorp Nominees Pty Limited	33,985,324	2.17
AMP Life Limited	32,524,531	2.08
NRMA Nominees Pty Limited	23,259,568	1.49
ANZ Nominees Limited	23,235,963	1.49
Cogent Nominees Pty Limited	17,875,089	1.14
ING Life Limited	13,544,052	0.87
The National Mutual Life Association of Australasia Limited	11,609,002	0.74
MLC Limited	8,606,850	0.55
HSBC Custody Nominees (Aust) Limited	8,326,634	0.53
Government Superannuation Office	5,610,382	0.36
Suncorp General Insurance Limited	5,219,079	0.33
Bond Street Custodians Limited	5,108,739	0.33
Zurich Australia Limited	4,623,238	0.30
	1,090,159,721	69.71

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	332,588,055	21.27
Principal Mutual Holding Company	73,105,994	5.59

qantas group five-year summary
for the year ended 30 June

	Unit	2002	2001	2000	1999	1998
Statement of financial performance						
Sales and operating revenue*	$M	11,322.6	10,188.2	9,106.8	8,448.7	8,131.5
Expenditure	$M	(10,643.3)	(9,492.4)	(8,232.8)	(7,686.1)	(7,549.8)
Earnings before interest and tax	$M	679.3	695.8	874.0	762.6	581.7
Net borrowing costs	$M	(48.3)	(98.7)	(111.2)	(100.1)	(103.7)
Profit from ordinary activities before tax	$M	631.0	597.1	762.8	662.5	478.0
Income tax expense	$M	(201.7)	(177.4)	(244.9)	(241.6)	(173.0)
Net profit	$M	429.3	419.7	517.9	420.9	305.0
Outside equity interests in net (profit)/loss	$M	(1.3)	(4.3)	(0.6)	0.7	(0.2)
Net profit attributable to members of the company for the year	$M	428.0	415.4	517.3	421.6	304.8
Net profit attributable to members of the company for the six months to 31 December	$M	153.5	262.9	337.8	222.9	165.8
Net profit attributable to members of the company for the six months to 30 June	$M	274.5	152.5	179.5	198.7	139.0
Share information						
Earnings per share	cents	29.1	33.0	42.8	35.4	26.8
Dividends per share	cents	17.0	20.0	59.0	32.5	13.5
Dividend payout ratio	%	58.4	60.6	137.9	91.8	50.4
Share price – high	$	4.92	4.25	5.28	5.00	3.21
Share price – low	$	2.60	2.36	3.12	2.27	2.13
Share price – closing	$	4.60	3.50	3.38	4.99	2.43
Weighted average number of ordinary shares	M	1,469.4	1,258.5	1,209.3	1,189.7	1,138.6
Net tangible asset backing per share	$	2.61	2.51	2.34	2.52	2.49
Earnings before interest and tax						
International airline operations	$M	202.8	458.7	374.8	308.3	271.9
Domestic airline operations	$M	298.2	127.4	272.0	256.8	213.4
Subsidiary operations	$M	178.3	109.7	169.4	136.7	96.4
Items previously shown as abnormal	$M	–	–	57.8	60.8	–
Earnings before interest and tax	$M	679.3	695.8	874.0	762.6	581.7
Performance indicators						
Interest cover	times	14.1	7.0	7.9	7.6	5.6
Return on shareholders' equity (excl. operating leases)	%	10.1	12.6	18.1	13.8	10.3
Return on shareholders' equity (incl. operating leases)	%	12.0	10.6	18.3	14.6	10.8
Statement of cash flows						
Net cash provided by operating activities	$M	1,143.3	1,100.7	1,599.8	1,208.3	1,218.4
Net cash (used in) investing activities	$M	(2,306.1)	(871.3)	(262.7)	(628.9)	(668.0)
Net cash provided by/(used in) financing activities	$M	1,688.8	(659.0)	(1,542.0)	(396.4)	(592.3)
Net increase/(decrease) in cash held	$M	526.0	(429.6)	(204.9)	183.0	(41.9)
Capital expenditure	$M	2,463.4	995.5	1,141.8	1,233.3	673.0
Statement of financial position						
Total assets	$M	14,801.5	12,513.6	12,007.1	11,226.6	10,358.8
Total liabilities	$M	10,548.0	9,197.7	9,142.7	8,166.7	7,396.4
Net assets	$M	4,253.5	3,315.9	2,864.4	3,059.9	2,962.4
Contributed equity	$M	2,946.6	2,173.0	1,882.0	1,882.0	1,177.3
Reserves	$M	56.3	54.3	54.0	52.8	689.0
Retained profits	$M	1,239.1	1,078.0	926.8	1,124.1	1,094.1
Outside equity interests in controlled entities	$M	11.5	10.6	1.6	1.0	2.0
Total shareholders' equity	$M	4,253.5	3,315.9	2,864.4	3,059.9	2,962.4
Statement of financial position statistics						
Net debt on balance sheet	$M	1,904.6	1,316.4	925.8	782.8	737.4
Net debt including off balance sheet debt	$M	4,110.0	3,793.9	2,503.6	2,134.7	2,226.8
Net debt including off balance sheet debt *and revenue hedge receivables*	$M	3,903.8	3,464.3	2,128.9	1,862.5	1,856.8
Net debt to net debt plus equity	ratio	31:69	28:72	24:76	20:80	20:80
Net debt to net debt plus equity *including off balance sheet debt*	ratio	50:50	55:45	48:52	42:58	44:56
Net debt to net debt plus equity including off balance sheet debt and revenue hedge receivables	ratio	49:51	53:47	44:56	39:61	40:60

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

	Unit	2002	2001	2000	1999	1998
Operational statistics						
Domestic – scheduled services						
Traffic and capacity						
Passengers carried	000	**15,063**	11,218	10,646	10,111	9,738
Revenue passenger kilometres (RPK)	M	**20,168**	14,790	13,959	12,956	12,415
Available seat kilometres (ASK)	M	**25,373**	18,695	17,369	16,554	15,952
Revenue seat factor	%	**79.5**	79.1	80.4	78.3	77.8
International – scheduled services						
Traffic and capacity						
Passengers carried	000	**8,424**	7,763	6,953	6,581	6,623
Revenue passenger kilometres	M	**52,609**	53,682	48,236	45,178	44,511
Available seat kilometres	M	**67,237**	71,247	64,879	62,679	63,034
Revenue seat factor	%	**78.2**	75.3	74.3	72.1	70.6
Revenue freight tonne kilometres (RFTK)	M	**1,607**	1,859	1,718	1,783	1,829
Available freight tonne kilometres (AFTK)	M	**2,451**	2,617	2,398	2,565	3,085
Core airline performance statistics						
Traffic and capacity						
Passengers carried	000	**23,487**	18,981	17,599	16,692	16,361
Revenue passenger kilometres	M	**72,777**	68,472	62,195	58,134	56,926
Available seat kilometres	M	**92,610**	89,942	82,248	79,233	78,986
Revenue seat factor	%	**78.6**	76.1	75.6	73.4	72.1
Average passenger journey length	km	**3,099**	3,607	3,534	3,483	3,479
Available tonne kilometres (ATK)	M	**12,317**	12,187	11,117	10,928	11,151
Financial						
Passenger yield (per RPK)	cents	**11.49**	10.84	10.42	10.34	10.16
Productivity						
Average full-time employee strength	#	**26,768**	25,604	24,304	23,411	23,749
RPK per employee	000	**2,719**	2,674	2,559	2,483	2,397
ASK per employee	000	**3,460**	3,513	3,384	3,384	3,326
Aircraft utilisation (average per day)	hrs	**11.3**	11.5	11.6	11.6	11.7
Qantas group performance statistics						
Traffic and capacity						
Passengers carried	000	**27,128**	22,147	20,485	19,236	18,865
Revenue passenger kilometres	M	**75,134**	70,540	64,149	59,863	58,619
Available seat kilometres	M	**95,944**	92,943	85,033	81,765	81,537
Revenue seat factor	%	**78.3**	75.9	75.4	73.2	71.9
Aircraft in service at balance date	#	**193**	178	147	135	146
Financial						
Passenger yield (per RPK)	cents	**12.02**	11.26	10.87	10.75	10.56
Productivity						
Average full-time equivalent employees	#	**33,044**	31,632	29,217	28,226	28,934
RPK per employee	000	**2,274**	2,230	2,196	2,121	2,026
ASK per employee	000	**2,904**	2,938	2,910	2,897	2,818

glossary

Revenue passenger kilometres (RPK)
Number of paying passengers carried, multiplied by the number of kilometres flown.

Available seat kilometres (ASK)
Total number of seats available for passengers, multiplied by the number of kilometres flown.

Revenue freight tonne kilometres (RFTK)
Number of tonnes of paying freight carried, multiplied by the number of kilometres flown.

Available freight tonne kilometres (AFTK)
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 (ATK)
Total number of tonnes of capacity available for carriage of passengers, freight and mail, multiplied by the number of kilometres flown.

financial calendar

2002

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

2003

20 February	Half-year result announcement
12 March	*Record date for interim dividend*
9 April	Interim dividend payable
30 June	Year end
21 August	Preliminary final result announcement
3 September	Record date for final dividend
1 October	Final dividend payable
16 October	Annual General Meeting, Adelaide

Notice of meeting

The Annual General Meeting of Qantas Airways Limited will be held at 2.00 pm on Thursday, 17 October 2002 in the Grand Ballroom of the Burswood Convention Centre, Perth.

Financial report

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

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
Website	www.qantas.com

Qantas Share Registry

Level 8
580 George Street
Sydney NSW 2000
Australia

or

Locked Bag A14
Sydney South NSW 1232
Australia

Free call	1800 177 747
International	61 2 8280 7390
Facsimile	61 2 9261 8489
Email	registry@qantas.com
Website	www.qantas.com

Stock Exchange

Australian Stock Exchange
20 Bridge Street
Sydney NSW 2000
Australia

Depositary for American Depositary Receipts

The Bank of New York
ADR Division
22nd Floor
101 Barclay Street
New York NY 10286
USA

Telephone	1 212 815 2218
Facsimile	1 212 815 3050

General Counsel and Company Secretary

Brett Johnson

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