

IN THE FEDERAL COURT OF AUSTRALIA
DISTRICT REGISTRY

No. V621 of 2005

IN THE MATTER OF ANSETT AUSTRALIA LIMITED
(ACN 004 209 410) & ORS (in accordance with the
Schedule attached) (All Subject to a Deed of
Company Arrangement)

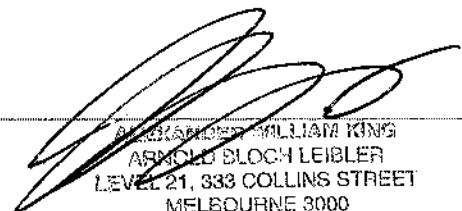
and

MARK ANTHONY KORDA and MARK FRANCIS
XAVIER MENTHA (as Deed Administrators of the
Companies)

CERTIFICATE IDENTIFYING EXHIBIT

This is the exhibit marked "MAK-21" produced and shown to **MARK ANTHONY KORDA** at the time of swearing his affidavit dated 12 September 2005.

Before me:



ALEXANDER WILLIAM KING
ARNOLD BLOCH LEIBLER
LEVEL 21, 333 COLLINS STREET
MELBOURNE 3000

A NATURAL PERSON WHO IS A CURRENT
PRACTITIONER WITHIN THE MEANING OF
THE LEGAL PRACTICE ACT 1996

Exhibit "MAK-21"
**Numbered bundle of documents relating to Head
Office, 501 Swanston Street and Other Ansett
Melbourne CBD Properties matters**

00001

PARTICULARS OF SALE

VENDOR'S
ESTATE AGENT

COLLIERS INTERNATIONAL (VIC) PTY LTD
of Level 32, 367 Collins Street, Melbourne

Tel: 9629 8888

Fax: 9629 4946

KNIGHT FRANK (VIC) PTY LTD
of Level 32, 360 Collins Street, Melbourne

Tel: 9602 5722

Fax: 9604 4754

VENDOR'S
SOLICITOR

ANDERSEN LEGAL
of Level 14, 360 Elizabeth Street, Melbourne

DX 140, Melbourne

Tel: 9286 8888

Fax: 9286 8999

Ref: DAM:SMH:ANS90932

PURCHASER'S
SOLICITOR

DX

Tel:

Fax:

Ref:

VENDOR

501 SWANSTON STREET PTY LTD ACN 005 477 618 (Administrators
Appointed)
of 501 Swanston Street, Melbourne

PURCHASER

LAND

the land described in Certificates of Title Volume 9395 Folio 964 and
Volume 9381 Folio 718

PROPERTY
ADDRESS

the land together with any improvements known as 501 Swanston Street,
Melbourne

CHATELS

All fixtures, fittings and furniture listed in Appendix 1

PRICE

\$

DEPOSIT

\$

10% of the Price payable on signing this contract

RESIDUE

\$

PAYMENT OF
RESIDUE

on the date which is 60 days from the Day of Sale or earlier by agreement

5.

SETTLEMENT
DATE

is the date upon which vacant possession of the Property and the Chattels
(or receipt of their rents and profits) must be given namely, upon:

1. acceptance of title; and
2. payment in full of the Price.

DAY OF SALE

The

day of

2002

6.

SCHEDULE

ITEM 1
(GC1.1)

Encumbrances to be assumed by the Purchaser:

- All easements
- The lease between the Vendor and the Anti-Cancer Council of Victoria dated the 18th day of April 2002 a copy of which is attached as Appendix 2 (the Lease)

SPECIAL CONDITIONS

As attached



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REGISTER SEARCH STATEMENT Land Titles Office, Victoria **Page 1**

Security no : 124000927180Y

Volume 09395 Folio 964
Produced 21/03/2002 12:10 am

LAND DESCRIPTION

Land in Plan of Consolidation 150173.

PARENT TITLES :

Volume 09311 Folio 726 Volume 09389 Folio 629
Created by instrument CP150173 14/11/1980

REGISTERED PROPRIETOR

Fee Simple

Registered Proprietor

501 SWANSTON STREET PROPRIETARY LIMITED of 489 SWANSTON STREET MELBOURNE
CP150173 14/11/1980

ENCUMBRANCES, CAVEATS AND NOTICES

Any encumbrances created by Section 98 Transfer of Land Act 1958 or Section 24 Subdivision Act 1988 and any other encumbrances shown or entered on the plan or imaged folio set out under DIAGRAM LOCATION below.

DIAGRAM LOCATION

SEE CP150173 FOR FURTHER DETAILS AND BOUNDARIES

DEALING ACTIVITY IN THE LAST 105 DAYS

NIL

STATEMENT END

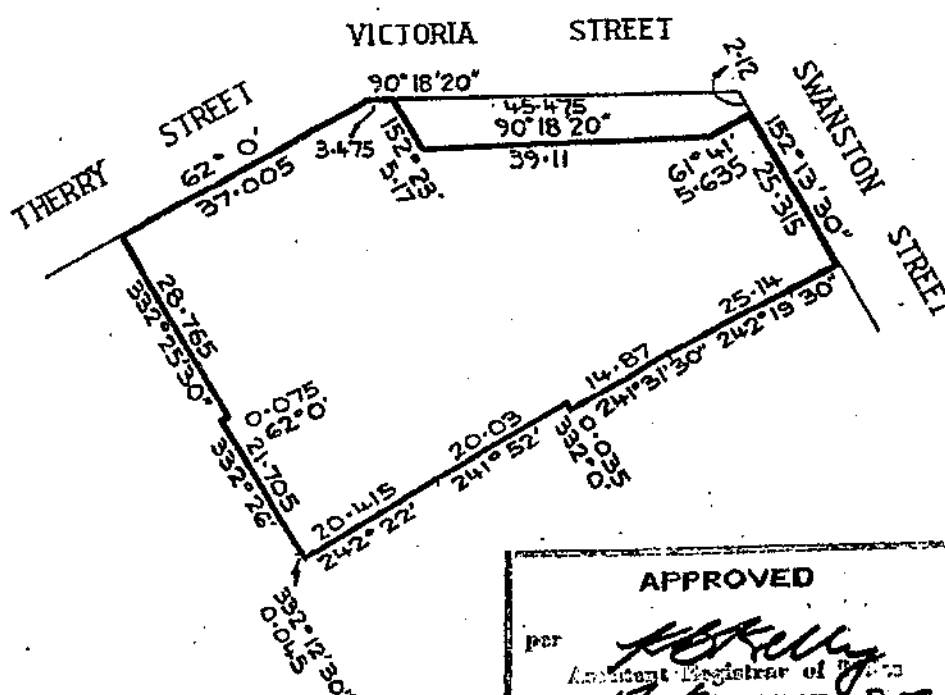
Searched: 21/03/2002
Unrecorded deals: NIL
ST. JAMES LEGAL SERVICES
PO BOX 2607W, MELBOURNE

<p>PLAN OF CONSOLIDATION OF CROWN ALLOTMENTS 10,12,& 13 PART OF CROWN ALLOTMENT 11 SEC. 43 CITY OF MELBOURNE PARISH OF MELBOURNE NORTH COUNTY OF BOURKE</p> <p>SCALE 0 8 16 32 48 LENGTHS ARE IN METRES</p>	<p>APPROPRIATIONS</p> <p>CP150173</p>
---	---------------------------------------

CHART No. 47

Ch Vol 9389 Fol 629
Ch Vol 9311 Fol 726

CP
ACCEPT.
\$20.00
C5/1 (A)
174327322
18-4-80



APPROVED

per *[Signature]*
Assistant Registrar of Titles
DATE 15/10/80 TIME 8.55

VOL. 9395 FOL 264

<p>CONSENT OF COUNCIL</p> <p>This plan has been sealed pursuant to Section 569A-B of the Local Government Act 1958.</p> <p>The Common Seal of the Lord Mayor Councillors and Citizens of the City of Melbourne was affixed hereto on the <i>fourth</i> day of <i>April</i> 1979.</p> <p><i>[Signature]</i> Lord Mayor</p> <p><i>[Signature]</i> Chief Executive Officer and Town Clerk.</p>	<p>SURVEYORS CERTIFICATION</p> <p>I certify that this plan has been made under my supervision and accords with title and is mathematically correct.</p> <p><i>[Signature]</i> Licensed Surveyor</p> <p>Date 15-1-79</p> <p>LITTLE & BROSAN PTY LTD SURVEYORS & ENGINEERS 4 BANK PLACE MELBOURNE 3000 TELEPHONE 675607</p> <p>REF. 9125 G.</p>
---	---



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REGISTER SEARCH STATEMENT Land Titles Office, Victoria

Page 1

Security no : 124000927161U

Volume 09381 Folio 718

Produced 21/03/2002 12:10 am

LAND DESCRIPTION

Lot 1 on Title Plan 659182C (formerly known as part of Crown Allotment 11
Section 43 City of Melbourne Parish of Melbourne North).

PARENT TITLES :

Volume 00323 Folio 474 Volume 04796 Folio 166 Volume 05799 Folio 753

Created by instrument J066392 14/07/1980

REGISTERED PROPRIETOR

Estate Fee Simple

Sole Proprietor

501 SWANSTON STREET PTY. LTD. of 489 SWANSTON ST MELBOURNE
R635172X 13/11/1991

ENCUMBRANCES, CAVEATS AND NOTICES

Any encumbrances created by Section 98 Transfer of Land Act 1958 or Section
24 Subdivision Act 1988 and any other encumbrances shown or entered on the
plan set out under DIAGRAM LOCATION below.

DIAGRAM LOCATION

SEE DIAGRAM ON IMAGED FOLIO VOLUME 9381 FOLIO 718 FOR FURTHER DETAILS AND
BOUNDARIES

DEALING ACTIVITY IN THE LAST 105 DAYS

NL

STATEMENT END

Searched: 21/03/2002
Unreg'd deals: NI -
ST. JAMES LEGAL SERVICES
PO BOX 2807W, MELBOURNE

ORIGINAL

NOT TO BE TAKEN FROM THE OFFICE
OF TITLES



VICTORIA

REGISTER BOOK 00007

Balance VOL. 9381 FOL. 718

MELBOURNE NORTH.
INDEX 23 PARCEL 151

Certificate of Title

UNDER THE "TRANSFER OF LAND ACT"

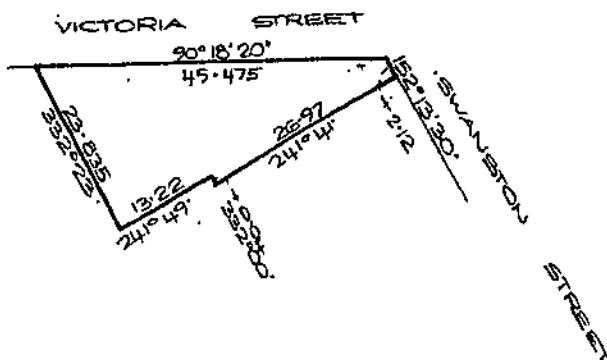
MELBOURNE AND METROPOLITAN BOARD OF WORKS is the proprietor of an estate in fee - -
simple subject to the encumbrances notified hereunder in all that piece of - -
land in the City of Melbourne Parish of Melbourne North County of Bourke - - -
being Crown Allotment Eleven Section 43 which land is shown enclosed by - - -
continuous lines on the map hereon - - - - -

DATED the 14th day of July 1980

L. Turner
Assistant Registrar of Titles



ENCUMBRANCES REFERRED TO



T09381-718-1-1

Derived from Vols. 323 Fols. 474
4796 166
5799 753
Application No. 21507 Section 103
J66392

MEASUREMENTS ARE IN METRES.

18/12/2001
SERVICES
BANK

km

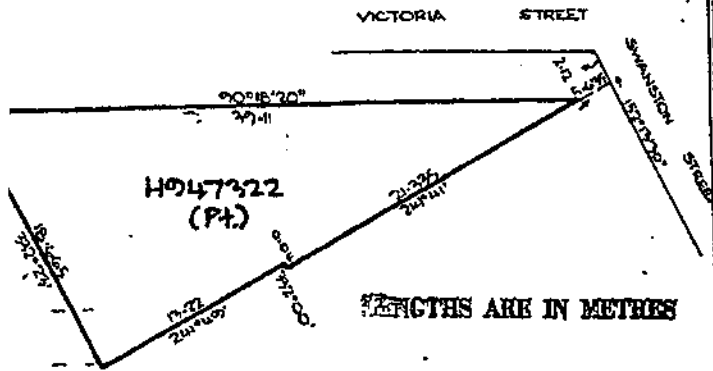
FOL. 718

INSTRUMENT

APPLICATION

00008

10323/79-PL-6



LENGTHS ARE IN METRES

TRANSFER AS TO PART No. H947322
registered 18th April 1980

CANCELLED AS TO PART
S Vol. 9389 Fol. 629



TRANSFER AS TO CALANCE

PROPRIETOR

501 SWANSTON STREET PTY. LTD. OF 489

SWANSTON ST. MELBOURNE

REGISTERED 13/11/91

R635172X



501 Swanson St 4
Other "Head office"
buildings

00009



REIV

Published by the Law Institute of Victoria and the Real Estate Institute of Victoria Ltd.
Estate Agents Act 1980 Form 2
Copyright- May 1993

CONTRACT OF SALE OF REAL ESTATE

IMPORTANT NOTICE TO PURCHASERS

Section 31 Sale of Land Act 1962

Cooling-off period

If none of the exceptions listed below applies to you, you may end this contract within 3 clear business days of the day that you sign the contract.

To end this contract within this time, you must either give the vendor or the vendor's agent written notice that you are ending the contract or leave the notice at the address of the vendor or the vendor's agent.

If you end the contract in this way, you are entitled to a refund of all the money you paid EXCEPT for \$100 or 0.2% of the purchase price (whichever is more).

EXCEPTIONS - The 3-day cooling-off period does not apply if -

- The price of the property (including chattels) exceeds \$250,000
- You bought the property at or within 3 clear business days before or after a publicly advertised auction
- You received independent advice from a solicitor before signing the contract
- The property is used mainly for industrial or commercial purposes
- The property is more than 20 hectares in size and is used mainly for farming
- You previously signed a similar contract for the same property
- You are an estate agent or a corporate body.

The conditions of this contract are contained in the attached -

Particulars of Sale,
Schedule,
General Conditions,
Special Conditions (if any).

and
and
and

The vendor sells and the purchaser buys both the property and the chattels for the price and upon the conditions set out in this contract.

The Vendors's Statement required by section 32(1) of the Sale of Land Act 1962 is attached to, and included in, the contract.

Where the signature of any party to this contract is secured by an agent, the parties acknowledge being given a copy of the contract by the agent at the time of signing.

Mark Kurda/Mark Mentho in his capacity as Joint Administrators of 501 Swanson Street Pty Ltd (Administrator Appointed) and Ansett Australia Holdings Ltd (Administrators Appointed) (without personal liability)

Vendor

Purchaser

27 May 2002 signed
Received 10th 00010
Settle 180 days
~ 27 Nov 2002

PARTICULARS OF SALE

VENDOR'S
ESTATE AGENT

COLLIERS INTERNATIONAL (VIC) PTY LTD
of Level 32, 367 Collins Street, Melbourne

Tel: 9629 8888

Fax: 9629 4946

KNIGHT FRANK (VIC) PTY LTD
of Level 32, 360 Collins Street, Melbourne

Tel: 9602 5722

Fax: 9604 4754

VENDOR'S
SOLICITOR

ANDERSEN LEGAL
of Level 14, 360 Elizabeth Street, Melbourne

DX 140, Melbourne

Tel: 9286 8888

Fax: 9286 8999

Ref: DAM:SMH:ANS90932

PURCHASER'S
SOLICITOR

Baker & McKenzie
Level 39, 525 Collins Street Melbourne

DX

Tel: 9617 4200

Fax: 9614 2103

Ref: Anthony Breanley

VENDOR

501 SWANSTON STREET PTY LTD ACN 005 477 618 (Administrators
Appointed) and ANSETT AUSTRALIA HOLDINGS LTD ACN 004 216
291 (Administrators Appointed) (formerly known as Ansett Transport
Industries Ltd)
of 501 Swanston Street, Melbourne

PURCHASER

PDG Corporation Pty Ltd and/or Nominee
131 Franklin Street Melbourne

LAND

the land described in Certificates of Title Volume 9395 Folio 964 Volume
9381 Folio 718, Volume 8179 Folios 263 and 264 and Volume 9303 Folio
208

PROPERTY
ADDRESS

the land together with any improvements known as 501 Swanston Street,
Melbourne (501 Swanston Street), 475 Swanston Street, Melbourne and
489 Swanston Street Melbourne (475 and 489 Swanston Street) and 20-32
Franklin Street, Melbourne

CHATELS

See Special Condition 21

PRICE

~~\$25,000,000.00~~ 30,150,000.00

DEPOSIT

~~\$2,500,000.00~~ 2,015,000.00

10% of the Price payable on signing this contract

RESIDUE

~~\$22,572,000.00~~ 27,135,000.00

PAYMENT OF
RESIDUE

on the date which is 180 days from the Day of Sale or earlier by agreement

PARTICULARS OF SALE

**VENDOR'S
ESTATE AGENT**

COLLIERS INTERNATIONAL (VIC) PTY LTD
of Level 32, 367 Collins Street, Melbourne

Tel: 9629 8888

Fax: 9629 4946

KNIGHT FRANK (VIC) PTY LTD
of Level 32, 360 Collins Street, Melbourne

Tel: 9602 5722

Fax: 9604 4754

**VENDOR'S
SOLICITOR**

ANDERSEN LEGAL
of Level 14, 360 Elizabeth Street, Melbourne

DX 140, Melbourne

Tel: 9286 8888

Fax: 9286 8999

Ref: DAM:SMH:ANS90932

**PURCHASER'S
SOLICITOR**

DX

Tel:

Fax:

Ref:

VENDOR

ANSETT HOLDINGS AUSTRALIA TY LTD ACN 004 216 291
(Administrators Appointed) (formerly known as Ansett Transport Industries Ltd)
of 501 Swanston Street, Melbourne

PURCHASER

LAND

the land described in Certificate of Title Volume 8179 Folio 263

**PROPERTY
ADDRESS**

the land together with any improvements known as 475 Swanston Street, Melbourne

CHATELS

All existing fixtures, fittings and furniture

PRICE

\$

DEPOSIT

\$

10% of the Price payable on signing this contract

RESIDUE

\$

**PAYMENT OF
RESIDUE**

on the date which is 60 days from the Day of Sale or earlier by agreement

5.

**SETTLEMENT
DATE**

is the date upon which vacant possession of the Property and the Chattels
must be given namely, upon:

1. acceptance of title; and
2. payment in full of the Price.

DAY OF SALE

The day of 2002

6.

SCHEDULE**ITEM 1
(GC1.1)**

Encumbrances to be assumed by the Purchaser:

- All easements

SPECIAL CONDITIONS

As attached



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REGISTER SEARCH STATEMENT Land Titles Office, Victoria Page 1

Security no : 124000875636A

Volume 08179 Folio 263

Produced 18/03/2002 02:05 pm

LAND DESCRIPTION

Lot 1 on Plan of Subdivision 035134.

PARENT TITLE Volume 05590 Folio 988

Created by instrument A014644 28/07/1955

REGISTERED PROPRIETOR

Estate Fee Simple

So. Proprietor

INSETT TRANSPORT INDUSTRIES LIMITED of 465 SWANSTON STREET MELBOURNE
A014647 28/07/1955

ENCUMBRANCES, CAVEATS AND NOTICES

Any encumbrances created by Section 98 Transfer of Land Act 1958 or Section 24 Subdivision Act 1988 and any other encumbrances shown or entered on the plan or imaged folio set out under DIAGRAM LOCATION below.

DIAGRAM LOCATION

SEE DIAGRAM ON IMAGED FOLIO VOLUME 8179 FOLIO 263 FOR FURTHER DETAILS AND BOUNDARIES

DEALING ACTIVITY IN THE LAST 105 DAYS

NIL

STATEMENT END

Searched. 18/3/2002
Unreg'd deals. N1-
ST. JAMES LEGAL SERVICES
PO BOX 2607W, MELBOURNE

ORIGINAL

NOT TO BE TAKEN FROM
THE OFFICE OF TITLES



VICTORIA

Entered in the Register Book

00015

Vol. 8179 Fol. 263

28 6

Certificate of Title

UNDER THE "TRANSFER OF LAND ACT 1954"

George Alfred Kemter of Studley Road Ivanhoe Architect is -----

now the proprietor -----
of an Estate in Fee-simple subject to the Encumbrances notified hereunder in

All that piece of Land, delineated and coloured red and blue on the map in the margin being Lot One on Plan of Subdivision No. 35134 lodged in the Office of Titles and being part of Crown Allotment 8 Section 43 City of Melbourne Parish of Melbourne North - Together with a right of carriage way over the road coloured brown on the said map and Together with a right to use the half of a party wall which half was on the twenty-third day of December 1954 standing on the land coloured yellow-hatched on the said map and Together with the easements relating to

transmission and enjoyment of light over the said road coloured brown and the land coloured yellow on the said map and the easement (and rights in connection therewith) relating to laying or placing of drainage sewerage or steam pipes and electric cables or wires under the said road coloured brown as created by Instrument of Transfer No. 114644 in the Register Book -----

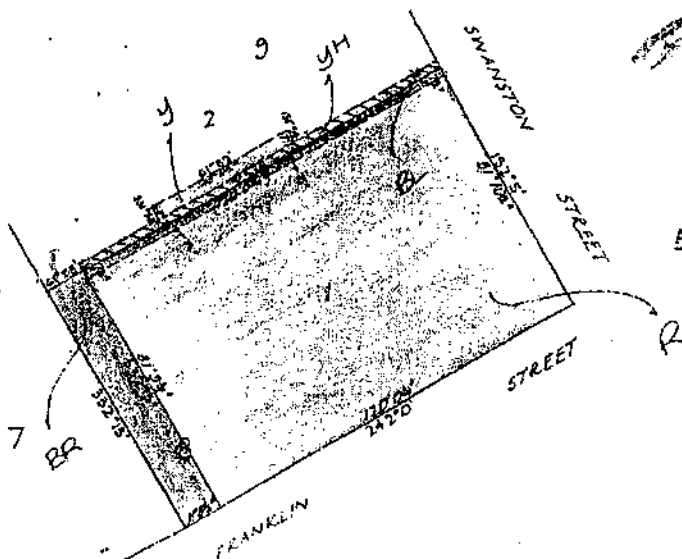
Dated the Twenty-eighth day of July One
thousand nine hundred and fifty-five.



Assistant Registrar of Titles

ENCUMBRANCES REFERRED TO

As to the land coloured blue -
ANY EASEMENTS affecting the same -



THE MEASUREMENTS ARE IN FEET AND INCHES

ARNING - DIAGRAM ONLY TO BE USED
The text of this Folio has been converted to a computer Folio and any dealing registered since
the text conversion will appear on the computer Folio. This diagram provides further details
of boundaries of the land described in the computer Folio.

WARNING: DIAGRAM ONLY TO BE USED
The text of this folio has been converted to a computer folio and any dealing registered in the text of this folio will appear on the computer folio. This diagram provides further details of the text conversion and the boundaries of the land described in the computer folio.

Assistant Registrar of Titles

Abstract Register of Titles

Recent Registry of Titles

A 88467

Supplied A967399

OFFICE OF TITLES
L.B.
VICTORIA

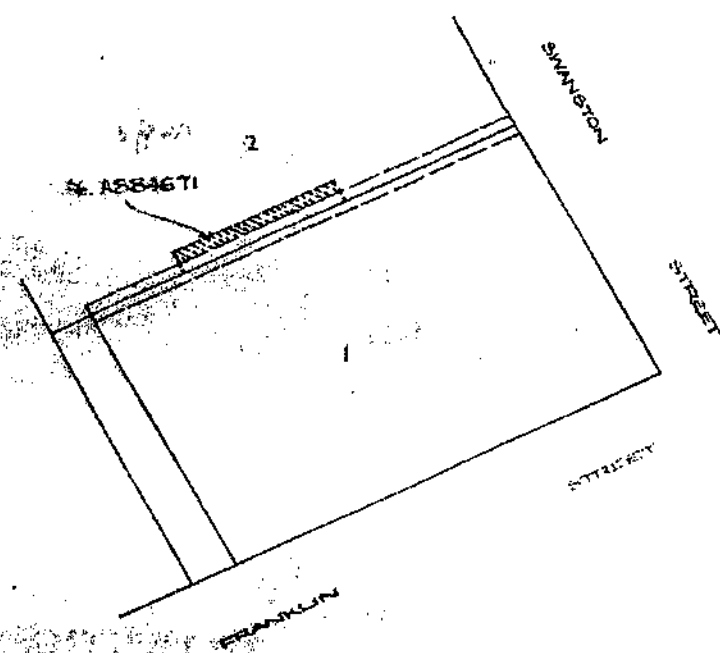


TOB179-263-1-3

V.8179 F.263

WARNING - DIAGRAM ONLY TO BE USED
The text of this Folio has been converted to a computer Folio and any dealing registered since
the text conversion will appear on the computer Folio. This diagram provides further details
and boundaries of the land described in the computer Folio.

00017
2178



ARNING - DIAGRAM ONLY TO BE USED
 The text of this Policy has been converted to a computer Policy and any dealing registered since
 the text conversion will appear on the computer Policy. This diagram provides further details
 and boundaries of the land described in the computer Policy.

Natural Resources and Environment
 AGRICULTURE • RESOURCES • CONSERVATION • LAND MANAGEMENT

**INTENTIONALLY
 BLANK**



3.101-

A 14644

15/1

00019

4332



A 14644

ALEXR. GRANT, DICKSON & KING

DARVALL HAMBLETON
VICTORIA.

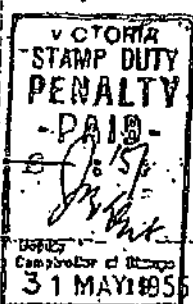
PAID

TRANSFER OF LAND.

REGD

*****3-10-OK RT T

69-51 07190 JUL28-55



SEE OVERLEAF FOR SETTING OUT

WE GEORGE ALFRED KEMTER of Studley Road Ivanhoe Architect and FRANK LEE of Marshall Street Ivanhoe aforesaid Engineer being registered as the proprietors as tenants in common in equal - - shares of an estate in fee simple in the land hereinafter described subject to the encumbrances notified hereunder IN PURSUANCE of an agreement for partition of the said land and other lands - - and IN CONSIDERATION of the sum of TWO THOUSAND SEVEN HUNDRED AND FIFTY POUNDS (~~which sum is the same sum of Two thousand seven hundred and fifty pounds mentioned in an Instrument of Transfer in respect of Lot 2 on the Plan of Subdivision hereinafter mentioned between the parties hereto bearing even date herewith~~) paid by - the said GEORGE ALFRED KEMTER to the said FRANK LEE for equality of partition and IN CONSIDERATION ~~and a transfer of even date herewith~~ of certain other assurances DO HEREBY TRANSFER to the said GEORGE ALFRED KEMTER ALL our estate and interest in ALL THAT piece of land being Lot 1 on a Plan of Subdivision ~~by Mr. Surveyor Culliver and lodged in the Office of Titles in Red Ink Number 5570770~~ ^{No 35134} being part of Crown Allotment 8 Section 43 City of Melbourne Parish of Melbourne North County of Bourke Together with full and free right and liberty to and for the transferee hereunder and to and for the registered proprietor or proprietors for the time being of the land hereby transferred FIRST to uninterrupted access passage transmission and enjoyment of light to all doors windows and other openings now in or hereafter to be in so much of the party wall shown on the said Plan of ~~and erected on the land coloured blue and yellow~~ Subdivision as abuts the land coloured purple on the said Plan of Subdivision and is above reduced level 87.35 on the datum for levels of the Melbourne and Metropolitan Board of Works and to all doors windows and other openings above the said level in so much of any future party wall as may be erected on the land - - coloured yellow and ^{green} blue on the said Plan of Subdivision and abuts the said land coloured purple, over and along ALL THAT piece of land coloured purple on the said Plan of Subdivision, SECONDLY uninterrupted access passage transmission and enjoyment of light to

30.8.55

all doors windows passages and other openings now in or hereafter to be in the wall on the western boundary of the land hereby transferred or any other wall which may be erected on the said western boundary over and along ALL THAT piece of land coloured ~~red~~^{blue} hatched on the said Plan of Subdivision THIRDLY a right of carriage way over the said land coloured ~~red~~^{blue} hatched on the said Plan of Subdivision FOURTHLY for him and them his and their servants agents and workmen at all times hereafter to enter in and upon the said land coloured ~~red~~^{blue} hatched on the said Plan of Subdivision and to clear the same of obstructions and to dig cut up and excavate the same and to lay or place drainage sewerage or steam pipes and electric cables or wires thereunder and also to use such pipes cables and wires for all purposes of drainage sewerage and transmission of steam or electricity as the case may be and also to cleanse repair cut off or remove the same and replace them with others Also to deposit or place and allow to remain on or along the said land or any part thereof all earth soil stone gravel timber or other substance matter or thing which may be removed or excavated in the digging cutting and excavating of the said land And also to go pass and repass for all the purposes aforesaid and FIFTHLY to use the half of the party wall which half is erected on the said land coloured yellow on the said Plan of Subdivision reserving to the transferrors and the registered proprietor or proprietors for the time being of the said land coloured yellow on the said Plan of Subdivision the use and enjoyment of the half of the wall which half is erected on the said land coloured ~~blue~~^{green} on the said Plan of Subdivision.

DATED the 23rd day of December One thousand nine hundred and fifty-four.

SIGNED in Victoria by the
said GEORGE ALFRED KEMTER
in the presence of

Theodore H. Stocco
Witness

SIGNED in Victoria by the
said FRANK LEE in the
presence of

Frank Lee
Witness

George A. Kemter

Frank Lee

SIGNED in Victoria by the
said GEORGE ALFRED KEMTER
in the presence of

Theodore H. Hesse.

George A. Kemter

FILE : RED + BLUE

5530/988 PART 1 C/E

UNDER AN ACRE
TDC. ETC. LIGHT OVER BROWN AND SO MUCH
OF YELLOW AS LIES ABOVE "RL. 87.35" ON THE
SECTION FOR LEVELS OF M.M.B.W. AS CREATED
IN TR. A 14644.

1 X TDC. ETC. C/MAY LAND BROWN.

TDC. ETC. RIGHT TO ENTER ETC.

LAY PIPES ETC. FOR PURPOSES
OF DRAINAGE AND SEWERAGE ETC.

X TDC. ETC. 1/2 INW ERECTED ON YELLOW MATCHED.

AS TO BLUE
ANY EMENTS AFFECTING

1001
3/6/58

10-6-58

ON
13-6-58

ENCUMBRANCES REFERRED TO.



00014644-2-1

DATED

1954.

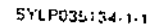
MR. G. A. KEMTER

and

MR. F. LEE

- to -

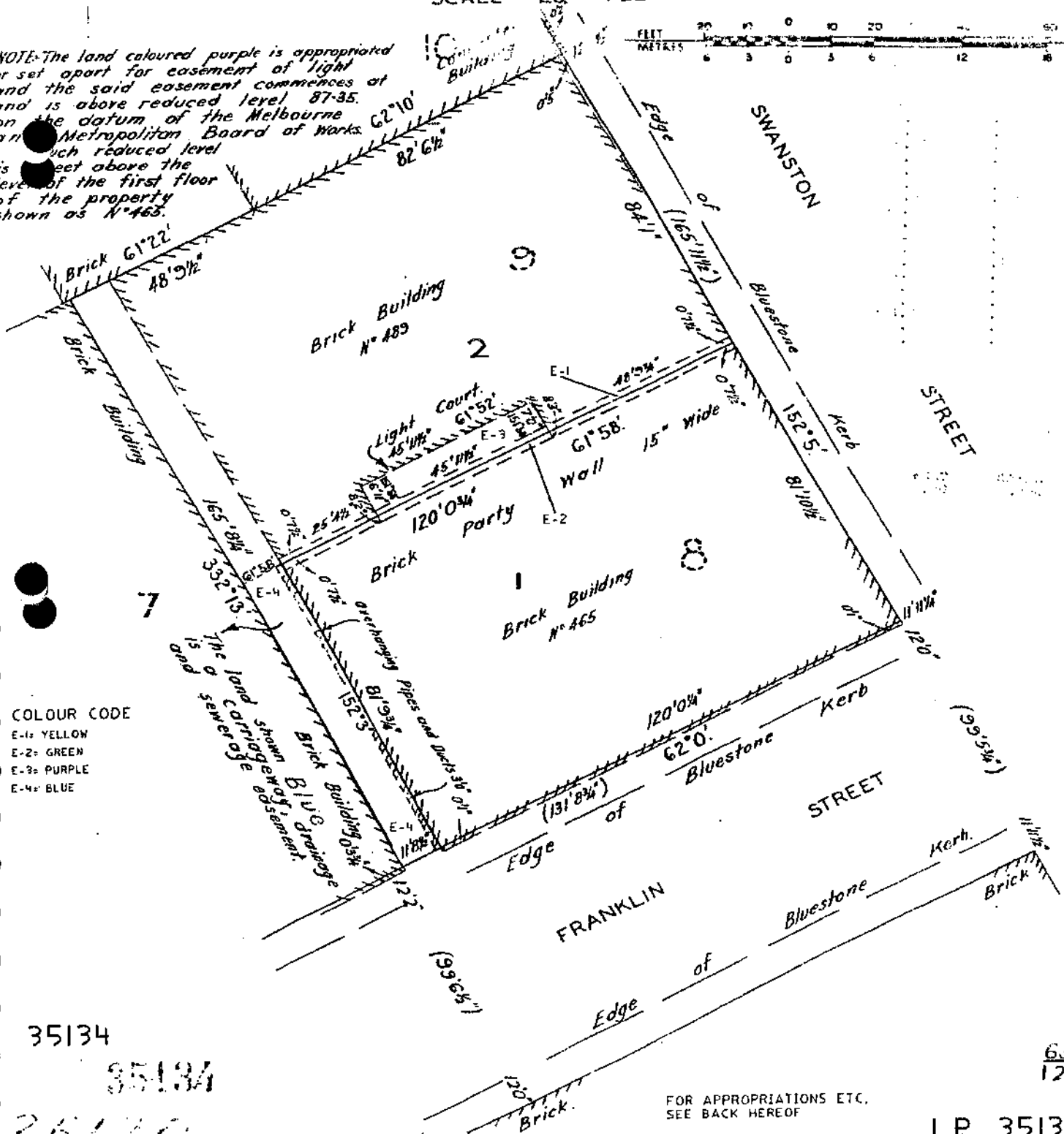
MR. G. A. KEMTERTRANSFER OF LAND.
*****825
426.3-10ALEX. GRANT, DICKSON & KING,
Solicitors,
119 William Street,
MELBOURNE.A memorandum of the within instrument
has been entered in the Register Book
Vol. 5590 Fol. 988
Assistant Registrar of Titles



~~PART OF~~ CROWN ALLOTMENTS 8&9 SECTION 43
CITY OF MELBOURNE
PARISH OF MELBOURNE NORTH
COUNTY OF BOURKE

20 10 0 10 20 40 60
 FEET
 METERS
 6 3 0 3 6 12 18

NOTE: The land coloured purple is appropriated or set apart for easement of light and the said easement commences at and is above reduced level 87.35 on the datum of the Melbourne Metropolitan Board of Works. 62
is 1.00 feet above the level of the first floor of the property shown as N°465.



COLOUR CODE
E-1: YELLOW
E-2: GREEN
E-3: PURPLE
E-4: BLUE

SUBDIVISIONAL
CERTIFICATE OF TITLE V. 5590 / F. 988

FOR TITLE REFERENCES TO LOTS
SEE PARCELS INDEX

MELBOURNE NORTH 28

LODGED BY A. GRANT & CO.

DEALING No. 5570770 DATE 2/6/54

DECLARED BY E.E. CULLIVER

ON 9/3/54

COUNCIL CITY OF MELBOURNE

DATE OF CONSENT 26/5/54

PLAN MAY BE LODGED 14/5/56

PLAN APPROVED. DATE / / TIME a.m.
p.m.

NOTATIONS

AS TO LOT 1:
TOGETHER WITH A RIGHT OF CARRIAGE WAY OVER THE ROAD MARKED E-4 ON THE MAP AND TOGETHER WITH A RIGHT TO USE THE HALF OF A PARTY WALL WHICH HALF WAS ON THE TWENTY-THIRD DAY OF DECEMBER 1954 STANDING ON THE LAND MARKED E-1 ON THE MAP AND TOGETHER WITH THE EASEMENTS RELATING TO TRANSMISSION AND ENJOYMENT OF LIGHT OVER THE SAID ROAD MARKED E-4 ON THE MAP AND THE EASEMENT (AND RIGHTS IN CONNECTION THEREWITH) RELATING TO LAYING OR PLACING OF DRAINAGE SEWERAGE OR STEAM PIPES AND ELECTRIC CABLES OR WIRES UNDER THE SAID ROAD MARKED E-4 AS CREATED BY INSTRUMENT OF TRANSFER No. A14644 IN THE REGISTER BOOK

AS TO THE LAND MARKED E-1:
TOGETHER WITH A RIGHT TO USE THE HALF OF A PARTY WALL WHICH HALF WAS ON THE TWENTY-THIRD DAY OF DECEMBER 1954 STANDING ON THE LAND MARKED E-2 ON THE MAP

AS TO THE LAND MARKED E-3 THE EASEMENT CREATED IN INSTRUMENT A14644 HAS BEEN SURRENDERED VIDE A884671

ENCUMBRANCES

AS TO THE LAND MARKED E-1, E-2 & E-4
ANY EASEMENTS AFFECTING THE SAME

PHOTOGRAPHED AT CENTRAL PLAN OFFICE

SIZE DATE

COLOURED Ames CHECKED BS

POSTED Ames CHECKED BS

8507/73

THE LAND COLOURED YELLOW & GREEN
APPROPRIATED OR SET APART
FOR EASEMENTS OF PARTY WALL

THE LAND COLOURED PURPLE
APPROPRIATED OR SET APART
FOR EASEMENTS OF LIGHT

THE LAND COLOURED BLUE
APPROPRIATED OR SET APART
FOR EASEMENTS OF SEWERAGE & WAY

THIS IS THE BACK OF LP 35134

LIST OF MODIFICATIONS

LAND	MODIFICATION	DEALING No.	A.R.T	EDN. No.
	APPURTENANT EASEMENTS			2
	CREATION OF EASEMENTS			2

A384671

A884671

*****2-0-0 G R L T

01-59 9-1-1-1-9-7-DEC24-59



ALEXR. GRANT, DICKSON & KING

VICTORIA

SURRENDER OF EASEMENT

ANSETT TRANSPORT INDUSTRIES LIMITED of 465 Swanston Street Melbourne being registered as the proprietor of an estate in fee simple in the land particularly described in the Certificate of Title entered in the Register Book Volume 8179 Folio 263 Together with the easement relating to transmission and enjoyment of light over the land coloured yellow on the map in the margin of the said certificate in consideration of the said easement being no longer required DOES HEREBY SURRENDER to FRANK LEE formerly of Marshall Street Ivanhoe Engineer now of corner Keam Street and Lower Heidelberg Road Ivanhoe Gentleman the registered proprietor of an estate in fee simple in the land particularly described in the Certificate of Title entered in the Register Book Volume 8179 Folio 264 ALL THAT its right to the transmission and enjoyment of light over the said land coloured yellow on the said map.

DATED the 24th day of December One thousand nine hundred and fifty-nine.

THE COMMON SEAL of ANSETT TRANSPORT INDUSTRIES LIMITED was by order of the Board affixed hereto in the presence of:



Director

Director

Secretary

SIGNED by the said FRANK LEE
in Victoria in the presence
of: F. I. Ridley - Lee

Frank Lee



Ch. 10/1/60
A. 9/1/60

S/S (64)

8179/263 (S)

To

8179/264 (P)

L. 1/60

16.2.60

AM 19/1/60

ANSETT TRANSPORT INDUSTRIES LIMITED of 465 Swanston Street
Melbourne being the Caveator in Caveat No. A636869 over
the Land described in Certificate of Title Volume 8179.
Folio 264 DO HEREBY CONSENT to the within Surrender of
Easement.

DATED the 24th day of December One thousand
nine hundred and fifty-nine.

THE COMMON SEAL of ANSETT TRANSPORT
INDUSTRIES LIMITED was by order of
the Board affixed hereto in the
presence of:

 Director

 Director

 Secretary.



00027

21

22



DRE84671-2-7

DATED 24th December 1959

ANSETT TRANSPORT INDUSTRIES LTD.

to

FRANK LEESURRENDER OF EASEMENT

ALEXR. GRANT DICKSON & KING,
Solicitors,
119 William Street,
MELBOURNE.

A memorandum of the within instrument
has been entered in the Register Book



PARTICULARS OF SALE

VENDOR'S
ESTATE AGENTCOLLIERS INTERNATIONAL (VIC) PTY LTD
of Level 32, 367 Collins Street, Melbourne

Tel: 9629 8888

Fax: 9629 4946

KNIGHT FRANK (VIC) PTY LTD
of Level 32, 360 Collins Street, Melbourne

Tel: 9602 5722

Fax: 9604 4754

VENDOR'S
SOLICITORANDERSEN LEGAL
of Level 14, 360 Elizabeth Street, Melbourne

DX 140, Melbourne

Tel: 9286 8888

Fax: 9286 8999

Ref: DAM:SMH:ANS90932

PURCHASER'S
SOLICITOR

DX

Tel:

Fax:

Ref:

VENDOR

ANSETT AUSTRALIA HOLDINGS LTD ACN 004 216 291
(Administrators Appointed) (formerly known as Ansett Transport
Industries Ltd)
of 501 Swanston Street, Melbourne

PURCHASER

LAND

the land described in Certificate of Title Volume 8179 Folio 264

PROPERTY
ADDRESSthe land together with any improvements known as 489 Swanston Street,
Melbourne

CHATELS

All existing fixtures, fittings and furniture

PRICE

\$

DEPOSIT

\$

10% of the Price payable on signing this contract

RESIDUE

\$

PAYMENT OF
RESIDUE

on the date which is 60 days from the Day of Sale or earlier by agreement

5.

**SETTLEMENT
DATE**

is the date upon which vacant possession of the Property and the Chattels
must be given namely, upon:

1. acceptance of title; and
2. payment in full of the Price.

DAY OF SALE

The day of 2002

6.

SCHEDULE**ITEM 1
(GC1.1)**

Encumbrances to be assumed by the Purchaser:

- All easements

SPECIAL CONDITIONS

As attached

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REGISTER SEARCH STATEMENT Land Titles Office, Victoria **Page 1**

Security no : 124000875660Y

Volume 08179 Folio 264

Produced 18/03/2002 02:05 pm

LAND DESCRIPTION

Lot 2 on Plan of Subdivision 035134.

PARENT TITLE Volume 05590 Folio 988

Created by instrument A014645 28/07/1955

REGISTERED PROPRIETOR

Estate Fee Simple

So **Proprietor**

ANSETT TRANSPORT INDUSTRIES LIMITED of 465 SWANSTON STREET MELBOURNE

A884672 24/12/1959

ENCUMBRANCES, CAVEATS AND NOTICES

Any encumbrances created by Section 98 Transfer of Land Act 1958 or Section

24 Subdivision Act 1988 and any other encumbrances shown or entered on the plan or imaged folio set out under DIAGRAM LOCATION below.

DIAGRAM LOCATION

SEE DIAGRAM ON IMAGED FOLIO VOLUME 8179 FOLIO 264 FOR FURTHER DETAILS AND BOUNDARIES

DEALING ACTIVITY IN THE LAST 105 DAYS

NIL

STATEMENT END

Searched: 18/03/2002
Unreg'd deals: Nil
ST. JAMES LEGAL SERVICES
PO BOX 2607W. MELBOURNE

ORIGINALNOT TO BE TAKEN FROM
THE OFFICE OF TITLES

VICTORIA

Entered in the Register Book

Vol 8179 Fol 264

23

5

Certificate of Title

UNDER THE "TRANSFER OF LAND ACT 1954"

Frank Lee of Marshall Street Ivanhoe Engineer is - - - - -

now the proprietor - - - - -

of an Estate in Fee-simple subject to the Encumbrances notified hereunder in - - - - -

All that piece of Land, delineated and coloured red, blue, green and purple - - - - -

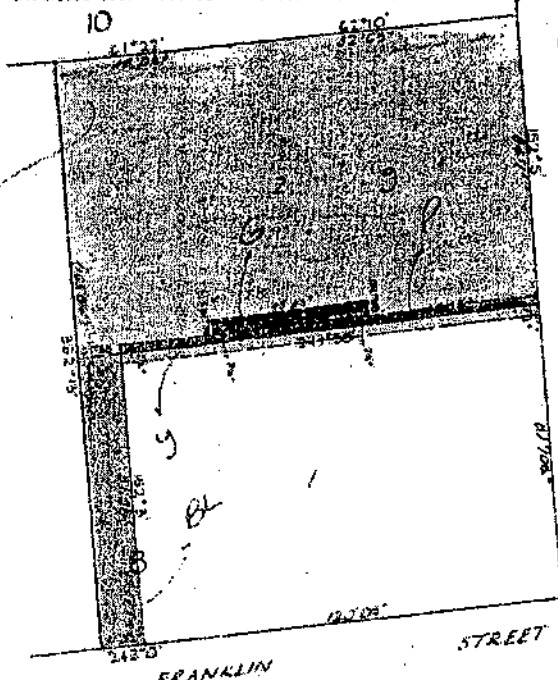
on the map in the margin being Lot 2 on Plan of Subdivision No. 35184 lodged in the - - - - -

Office of Titles and being Crown Allotment 9 and part of Crown Allotment 8 - - - - -

Section 43 City of Melbourne Parish of Melbourne North - As to the land coloured - - - - -

purple Together with a right to use the half of a party wall which half was on the - - - - -

Twenty-third day of December 1954 standing on the land coloured yellow on the said map

Dated the Twenty-eighth day of July
thousand nine hundred and fifty-five.

Assistant Registrar of Titles



ENCUMBRANCES REFERRED TO

As to the land coloured blue, purple and part
of the land coloured green - - - - -

ANY EASEMENTS affecting the same - - - - -

WARNING - DIAGRAM ONLY TO BE USED
The text of this Folio has been converted to a computer Folio and any dealing registered since
the text conversion will appear on the computer Folio. This diagram provides further details
and boundaries of the land described in the computer Folio.

THE MEASUREMENTS ARE IN METERS

Vol. 5590 Fol. 988

Transfer A.14645

Application

WARNING - DIAGRAM ONLY TO BE USED
The text of this Folio has been converted to a computer Folio and any dealing registered since the text conversion will appear on the computer Folio. This diagram provides further details and boundaries of the land described in the computer Folio.

MORTGAGE to
THE AUSTRALASIAN TEMPERANCE AND GENERAL
MUTUAL ASSURANCE SOCIETY LIMITED registered
24 DEC 1959
1955 numbered A14646
Assistant Registrar of Titles

MORTGAGE to
THE AUSTRALASIAN TEMPERANCE AND GENERAL
MUTUAL ASSURANCE SOCIETY LIMITED registered
24 DEC 1959
1956 numbered A269987
Assistant Registrar of Titles

VEAT NO. A636969 LODES 6 Nov 1958
CAVEAT Lapsed

SURRENDER OF EASE
Registered 24th December 1959
Numbered A884671

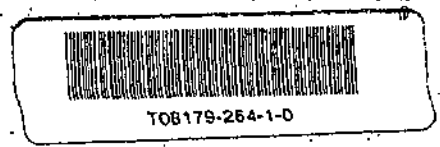
ANSETT TRANSPORT INDUSTRIES LIMITED of 465
Swanston Street Melbourne is now the
proprietor by
Transfer A884672
Registered 24th December 1959
"605W"



MORTGAGE to AUSTRALIAN MUTUAL PROVIDENT
SOCIETY
Registered 16th 1960
Numbered A96738
DISCHARGED 27 APR 1960
C.C.K.
Office of Titles L.B. Victoria

MORTGAGE to AUSTRALIAN NATIONAL AIRWAYS
PROPRIETARY LIMITED
Registered 18th August 1960
Numbered B38864
Office of Titles L.B. Victoria

CAVEAT N. F13553 LODGED 25 SEP 1973
CAVEAT WITHDRAWN
AUG 26 1983
Office of Titles R.J.C. Victoria
Office of Titles P.O.B. Victoria



V.8179 F.264

00035

873

WARNING - DIAGRAM ONLY TO BE USED
 The text of this Folio has been converted to a computer Folio and any dealing registered since
 the text conversion will appear on the computer Folio. This diagram provides further details
 and boundaries of the land described in the computer Folio.



APPROXIMATE EASEMENT
 CREATED IN A 1954 SURVEY
 TO WHOLE WIDE
 612 A 664871

00036

WARNING: DIAGRAM ONLY TO BE USED
The text of this Folio has been converted to a Computer Folio and any dealing registered since
the text of this Folio will appear on the computer Folio. This diagram provides further details
and boundaries of the land described in the computer Folio.



Natural Resources and Environment

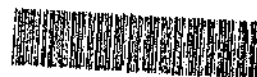
AGRICULTURE • RESOURCES • CONSERVATION • LAND MANAGEMENT

INTENTIONALLY

BLANK



T08179-264-2-8



SYLP035:34-1.1

CULLIVER & SIM
 - RATED LAND SURVEYORS
 2. UNION AVE. S. 405 BRIDGEVIEW
 (612) 338-1170 - PM 4:30

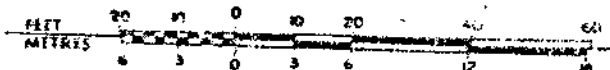
PLAN OF SUBDIVISION

~~PART OF~~ CROWN ALLOTMENTS 8&9 SECTION 43
CITY OF MELBOURNE

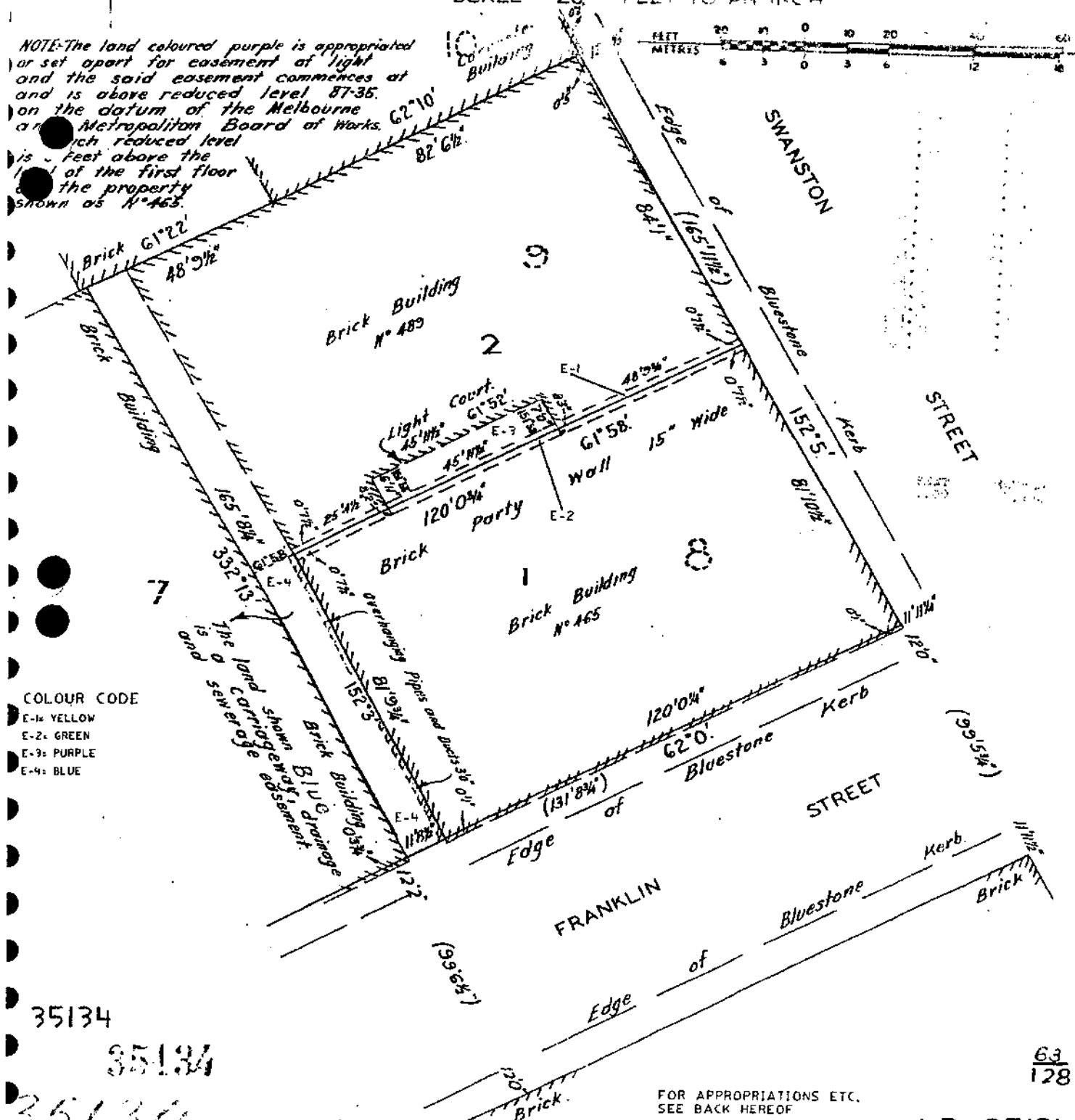
PARISH OF MELBOURNE NORTH

COUNTY OF BOURKE

SCALE 20 FEET TO AN INCH



NOTE: The land coloured purple is appropriated or set apart for easement of light and the said easement commences at and is above reduced level 87.35 on the datum of the Melbourne and Metropolitan Board of Works. 67
The reduced level is 87.35 feet above the level of the first floor of the property shown as N. 463.



COLOUR CODE

E-1: YELLOW
E-2: GREEN
E-3: PURPLE
E-4: BLUE

35134

35134

FOR APPROPRIATIONS ETC.
SEE BACK HEREOF

$$\frac{63}{128}$$

LP 35134

00-038

New Certificate

certificate type: titles

1atter: Gary

Search generated on Wed Oct 3 2001 at 10:33:36

REGISTER SEARCH STATEMENT Land Titles Office, Victoria

Enquiry no : 1
Security no : 122760633048U
Customer code: LANDATA

Volume 09303 Folio 208
Printed 03/10/2001 10:10 am

LAND

Land in Plan of Consolidation 107176.

PARENT TITLE(S):
Volume 05156 Folio 120 Volume 06181 Folio 200
Created by instrument CP107176 11/12/1978

REGISTERED PROPRIETOR

SOLE FEE SIMPLE
PROPRIETOR

ANSETT TRANSPORT INDUSTRIES LIMITED; 489 SWANSTON STREET MELBOURNE
CP107176 11/12/1978

ENCUMBRANCES, CAVEATS AND NOTICES -----

Any encumbrances created by Section 98 Transfer of Land Act 1958 or Section 24 Subdivision Act 1988 and any other encumbrances shown or entered on the plan or imaged folio set out under DIAGRAM LOCATION below.

DIAGRAM LOCATION

SEE CP107176 FOR FURTHER DETAILS AND BOUNDARIES

UNREGISTERED DEALINGS

FINAL SEARCH on C.TITLE 9303 208

Final Search On	Citation	Section	Status	Clerk	Bundle	Filed With
	Dealings Affecting					

security code: 099925987

STATEMENT END

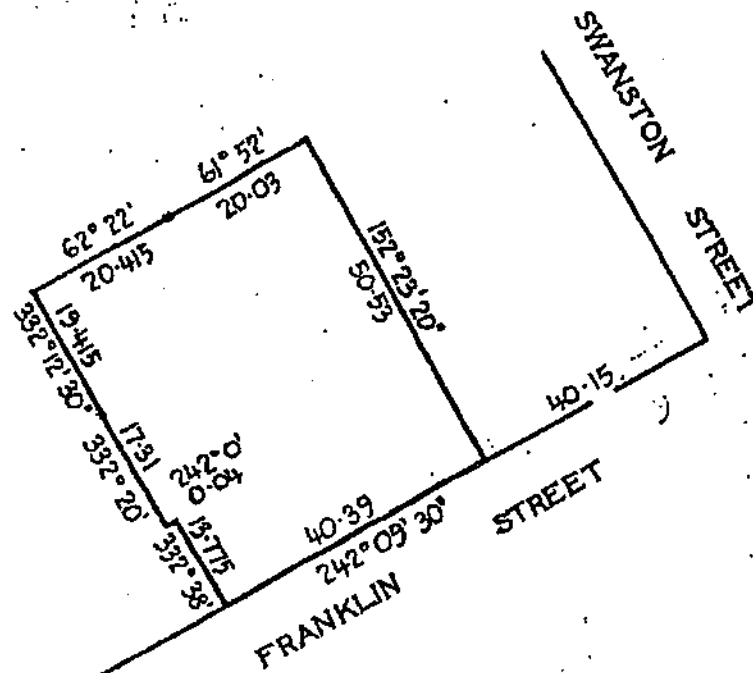
● [ALTS Remote Search] # 706838 - 942032100706 'Gary'

View Certificate

Delivered by Landata. Land Registry timestamp 03/10/2001 10:09 Page 1 of 1
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CP107176

<p>PLAN OF CONSOLIDATION CROWN ALLOTMENTS 6 & 7 CITY OF MELBOURNE PARISH OF MELBOURNE NORTH COUNTY OF BOURKE</p> <p>SCALE 16 8 0 16 32 LENGTHS ARE IN METRES</p>	<p>NOTATIONS</p>
---	-------------------------



APPROVED
 C. P. ALLEN
 Registrar of Titles
 per *[Signature]*
 Assistant Registrar of Titles
 DATE 17/11/78 TIME 8.55

VOL 9303 FOL 208

<p>CONSENT OF COUNCIL</p> <p>This plan has been sealed pursuant to Section 569A-B of the Local Government Act 1958.</p> <p>The Common Seal of the Lord Mayor Councillors and Citizens of the City of Melbourne was affixed hereto on the 4th day of October 1977.</p> <p><i>[Signature]</i> Lord Mayor</p> <p><i>[Signature]</i> Chief Executive Officer and Town Clerk.</p>	<p>SURVEYORS CERTIFICATION</p> <p>I certify that this plan has been made under my supervision and accords with this and is mathematically correct.</p> <p><i>[Signature]</i> Licensed Surveyor</p> <p>Date 5.9.77</p> <p>LITTLE & BROSINAN PTY LTD SURVEYORS & ENGINEERS 4 BANK PLACE MELBOURNE 3000 TELEPHONE 67 5007</p> <p>REF. 9125E</p>
---	--

AMENDED 2001 LAND TAX ASSESSMENT NOTICE

00040

STATE
REVENUE
OFFICE
VICTORIA

ANSETT AUSTRALIA LIMITED
C/- MS SANDRA STARC
501 SWANSTON STREET
MELBOURNE VIC 3000

ISSUE DATE

24 MAY 2001

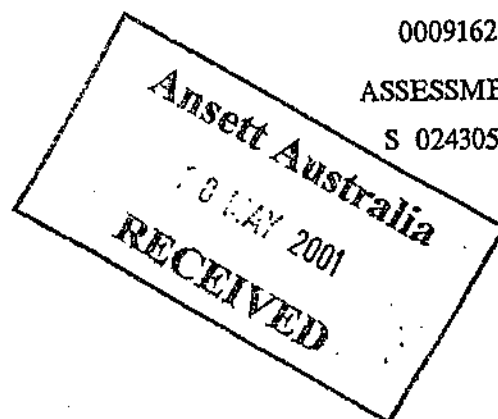
CLIENT No.

000916236

ASSESSMENT No.

S 024305472

This notice is issued to you on behalf of
The companies set out in the attached statement



PAYMENT METHODS



BPAY

Please contact your participating
financial institution to make a payment
from your nominated account
(excluding credit cards). You will
need to quote the following:



Biller Code: 5249
Ref: 22777330

Receipt number:
Date:

BY MAIL (CHEQUES ONLY)

Please detach the payment slip and
return it together with your cheque to
the State Revenue Office. Cheques are
to be made out to State Revenue Office
of Victoria and mailed to:

State Revenue Office - Land Tax
PO BOX 2961DD
MELBOURNE VIC 3001

IN PERSON

Present this account intact at any major
bank or at the State Revenue Office.
Insert the amount you are going to pay
in the space provided on the payment
slip.

Banks other than the Bank of
Melbourne may charge a transfer fee.

State Revenue Office ABN 44 128 890 975

AMOUNT PAYABLE

PAY BY: 7 JUNE 2001

\$587,373.55

DAVID POLLARD
Commissioner of State Revenue



360 COLLINS STREET MELBOURNE VIC
Banks other than Bank of Melbourne may charge a transfer fee.

Payment Slip **CREDIT**

Client No: 000916236

Assessment No: 024305472

Paid in by - Signature

Teller

Note Where this deposit is lodged at a bank or branch other than that shown above it will be
transferred under the bank's internal procedures. The bank will not be held responsible
for delay in transmission. Cheques etc., not available until collected.

Cheque Details - Drawer

Bank

Branch

For CREDIT of State Revenue Office, Victoria

61

Date
Deposited

Cash

Cheque

\$

2277733

033 222 1700 1000

61

00041

STATE
REVENUE
OFFICE
VICTORIA

505 Little Collins Street Melbourne 3000

AMENDED 2001 LAND TAX ASSESSMENT NOTICE

Statement of Component Companies

ASSESSMENT No.

024305472

Client No.	Name of Company	Unimproved Value	Amount of Tax
000009487	ANSETT AUSTRALIA LIMITED	\$5,313,600	\$233,827.09
000015404	ANSETT TRANSPORT INDUSTRIES LTD	\$8,051,760	\$354,320.91
000906833	WRIDGWAYS VICTORIA PTY LTD		

Total	\$13,365,360	\$588,148.00
-------	--------------	--------------

(See Brochures for explanations of Assessment and Statement details)

SUMMARY OF ASSESSMENT DETAILS

Calculation of Land Tax Payable		Explanation of Codes	
		*	Please see Instructions for definitions
		A	Joint ownership deduction
		DPR	Dual Principal Residence exemption
		D	Section 13 - Partial exemption from Land Tax of Land owned and occupied by clubs
		E	Remission of tax
		F	Credit relating to either an overpayment from a previous assessment or pre-payments received on this assessment
		N/A	Not Applicable
		P	Pro-rata unimproved value has been used
		PC	Property is in a parcel and valued under the leading property
		PPL	Primary Production Land exempt from Land Tax
		PPR	Principal Place of Residence exempt from Land Tax
		Sec 9	Land Exempt from Land Tax
2001 Actual Tax Less credit F			
2001 Unimproved Value			
2001 Calculation			
			\$13,365,360
Tax Calculations			
			\$588,148.00
			\$774.45
2001 TAX PAYABLE			<u>\$587,373.55</u>

STATEMENT OF LANDS OWNED AS AT MIDNIGHT 31 DECEMBER 2000

NAME: ANSETT AUSTRALIA LIMITED

Item No.	Street Address/Municipality Parish	Land Id/References	Single Holding Tax*	Proportional Tax*	1993 Notional Unimproved Value	Site Value/Eq.Factor	Unimproved Value (SV*EQ)
1	50-68 GARDEN DRIVE, TULLAMARINE, 3043 HUME	027877632	\$150,257.50	\$202,757.08	N/A	\$3,413,000 1.35	\$4,607,550
2	30 SPRINGBANK STREET, TULLAMARINE, 3043 HUME	027877658	\$1,865.50	\$31,070.01	N/A	\$523,000 1.35	\$706,050
Total Unimproved Value							\$5,313,600

00042

NAME: ANSETT TRANSPORT INDUSTRIES LTD

Item No. Street Address/Municipality Parish

Land Id/References

Single Holding Tax*

Proportional Tax*

1993 Notional Unimproved Value

Site Value/ Eq. Factor

Unimproved Value (SV*EQ)

1 18-24 FRANKLIN STREET,
MELBOURNE, 3000

024649983

\$469.92

\$14,740.05

N/A

\$316,000
1.06

\$334,960

2 475-511 SWANSTON STREET,
MELBOURNE, 3000

024649959

\$305,720.00

\$339,580.86

N/A

\$7,280,000
1.06

\$7,716,800

00043

Total Unimproved Value

\$8,051,760

000009487 ANSETT AUSTRALIA LIMITED

00044

OFFICE
VICTORIA

Land Tax
505 Little Collins St
Melbourne 3000
Telephone
(03) 9628 6312
Facsimile
(03) 9628 6288
GPO Box 1641N
Melbourne 3001

ANSETT AUSTRALIA LIMITED
C/- MS SANDRA STARC
501 SWANSTON STREET
MELBOURNE VIC 3000

9 MARCH 2001

Dear Sir/Madam

Re: Group or Joint Ownership Land Tax Assessment

Related corporations and members of joint ownerships are jointly assessed and liable for tax under Sections 44 or 45 of the Land Tax Act 1958. This means that any one of the assessed taxpayers could be required to pay the total amount of any assessment in the event of default in payment by the other members of the group or joint ownership.

In prior years, the notice of assessment was served on the first person listed in the group or joint ownership. A recent court decision has clarified that the legislation now requires the Commissioner to serve the notice of assessment on:

- A. The person nominated by all the persons under the assessment; or
- B. One of the persons (nominated by the Commissioner) named in the assessment, provided that notice of the service is given to all other persons named in the assessment; or
- C. All persons liable under the assessment.

As this Office has not received a nomination the Commissioner has nominated you, being the first-listed member of the group or joint ownership, to receive the enclosed Land Tax Assessment Notice on behalf of the group or joint ownership. Please note that all other members have been notified that the assessment has been issued to you.

If you wish to alter this arrangement in respect to future notices please advise this Office immediately.

If you have any queries regarding the above please call telephone number 96286312.

Yours faithfully

David Pollard
Commissioner of State Revenue

City of Melbourne V#817724

Total Rates Payable 2000-2001
For sites 465/489/501 Swanston St

\$170,798.00

First Instalment 1/7/00-30/9/00

\$42,699.50

Building Sites

465	10%	\$4,269.95
489	30%	\$12,809.85
501	60%	\$25,619.70
	100%	<u>\$42,699.50</u>

Refer to Transitional Guide for goods/services provided pre 1 July 2000.

INVOICE APPROVAL STICKER

SAP Document Number

Invoice Date
(Document Date)

28/08/00

Invoice Number (Reference doc.)

253468

Doc Header Text (where no invoice number is provided, insert text. This text will appear on the cheque remittance - max. 27 characters)

Vendor Number

817724

COMPANY CODE	ACCOUNT	GST CODE	COST CENTRE	INTERNAL ORDER	GST INCLUSIVE AMOUNT	ALLOCATION REF.
111	64.801	P2	33.50.499	34025	\$4,269.95	
111	64.801	P2	33.50.499	34030	\$12,809.85	
111	64.801	P2	33.50.499	34035	\$25,619.70	

TOTAL BEING PAID

CURRENCY:

42,699.50

Text (Line item text required for input to SAP Accounts Payable - max. 50 characters)

Rates 1st Inst. 465/489/501 Swanston St 1/7/00-30/9/00

Prepared by:
(BLOCK LETTERS)

Signature

ANH LUONG

Print Name

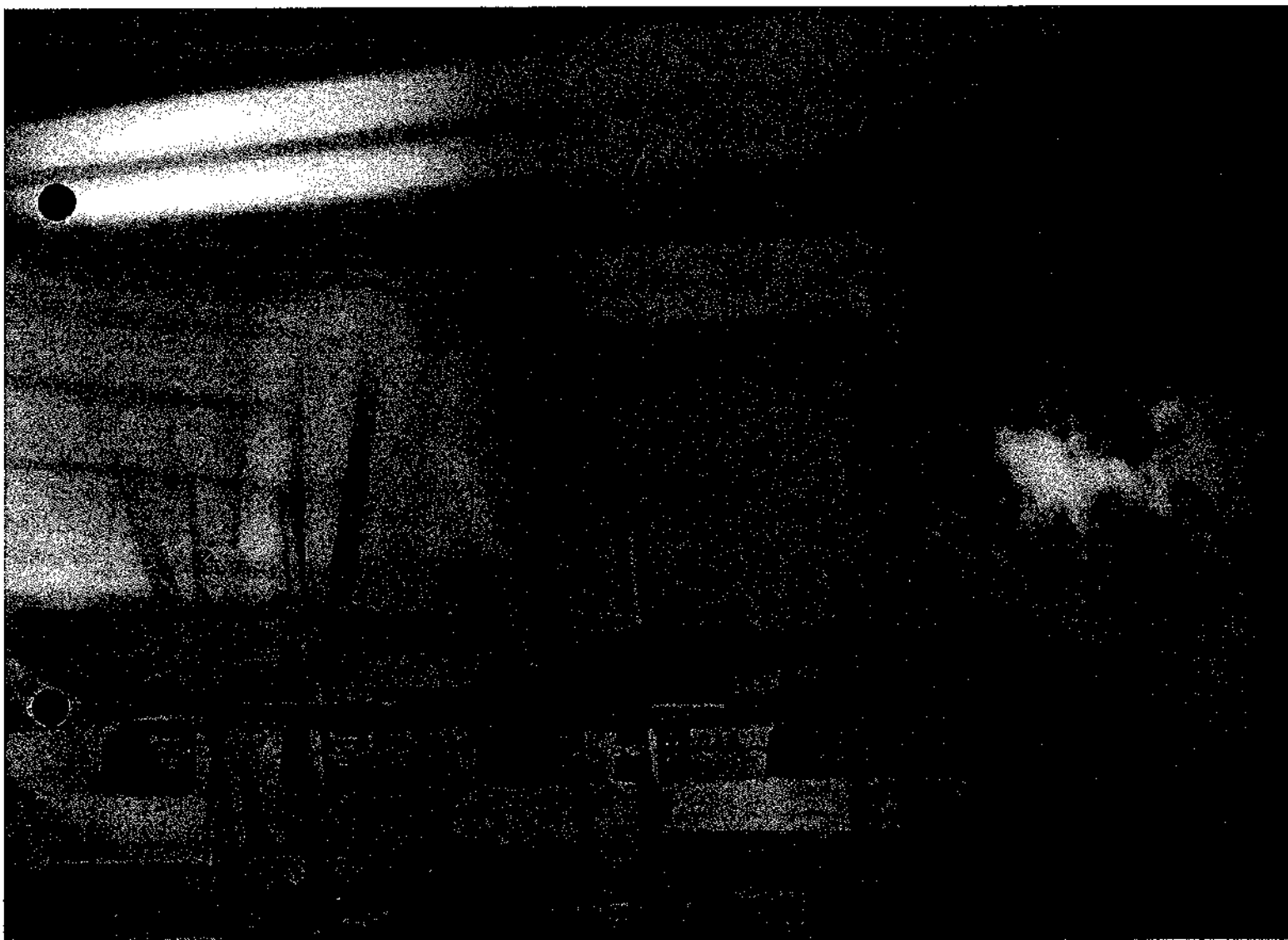
Anh
Luong

Ext No:

32410

Employee number

20004680

ANSETT HOLDINGS LIMITED*Annual Review 1999*

Official Airline of the Sydney 2000 Olympic Games





Head Office and Registered Office

501 Swanston Street, Melbourne, Australia
 Phone: (03) 9623 3333
 Postal Address: PO Box 727F, Melbourne, 3001
 Website: www.ansett.com.au

Secretary

Graeme Clifford Allison

Solicitors

Allen Allen & Hemsley, Sydney
 Arthur Robinson & Hedderwicks, Melbourne
 Clayton Utz, Brisbane & Melbourne

Bankers

Commonwealth Bank of Australia

Auditors

KPMG, Chartered Accountants

Board of Directors as at 30 June 1999

Rod Eddington, Jim McCrea, Ken Cowley, John Curtis, Peter Macourt, Robert Nazarian

Executive Management Team as at 30 June 1999

Rod Eddington Executive Chairman; Paul Birch Executive General Manager Human Resources;
 Pamela Catty Executive General Manager Corporate Affairs; Ron Chambers Chief Information Officer;
 David Irvine Chief Financial Officer; Trevor Jensen Executive General Manager Operations and Inflight Services;
 Garry Kingshott Executive General Manager Sales and Distribution; Ron Rosalky Executive General Manager Ground Services;
 Lyell Strambi Executive General Manager Business Recovery; John Vincent Executive General Manager Engineering;
 Craig Wallace Executive General Manager Commercial Planning and General Manager Ansett International

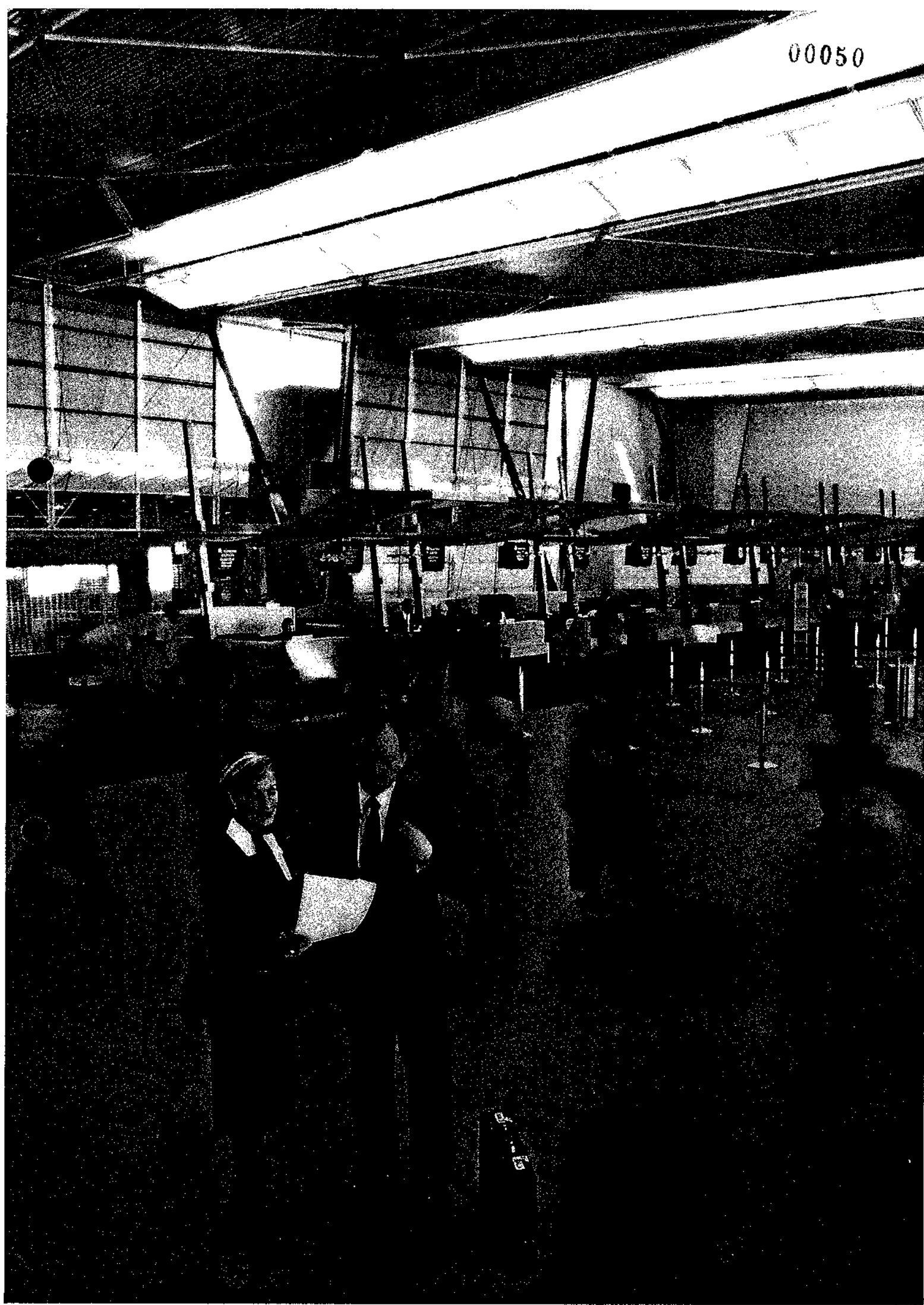
Further information about Ansett Australia and its operations can be obtained by visiting the company website: www.ansett.com.au

This Annual Review can be read in conjunction with the Ansett Holdings Annual Accounts 1999, which are available from Ansett Australia upon request. Please contact Ansett Corporate Affairs on (03) 9623 3234. This Annual Review can also be obtained electronically via the Ansett Australia website: www.ansett.com.au

CONTENTS

The year in review	3
Guiding goals	5
<i>Safety First</i>	7
<i>Sustainable Profit</i>	9
<i>Satisfied Customers</i>	12
<i>Motivated Staff</i>	15
<i>Responsible Corporate Citizen</i>	19
Five year review	20
Concise financial report	22
Group structure	34
Ansett fleet	35
Route network	36
Star Alliance™ network	37

00050



00051

T H E Y E A R I N R E V I E W

**In the year to 30 June 1999,
Ansett Australia recorded
a trading profit of
\$140.8 million**

*This represents more than a
\$110 million improvement on last
year's figure of \$27.8 million*

Completing the first year of our Great Business Plan, we returned a trading profit margin of 4.6 percent, exceeding our target for the year of 3 percent. We have our sights set on 10 percent, and our ultimate goal of becoming not only a great airline but also a great business.

Although the results for the year show signs of financial recovery for the business, this does not pre-suppose that the immediate future offers any comfort. Our performance will be influenced by issues such as the continuing uncertainty of the global economy, fluctuating oil prices and the effects of currency variations. The airline industry is more competitive than ever and customer demands are increasing. We must also respond to further changes in Australia's regulatory environment, following the Federal Government's consideration of a Productivity Commission enquiry into international aviation. In general we support deregulation as being in the best interests of our customers and the industry. Another issue is the new Federal tax regime, and we are working to ensure that the right systems are in place to meet our responsibilities with regard to this regime, including the Goods and Services Tax (GST) and its effects on demand.

Our Great Business Plan comprises a wide range of change projects being implemented under our Business Recovery Program. One of the key drivers of change is our customer-driven strategy. While continuing to ensure all those who fly with us receive high quality service, we are identifying those customers who are our most frequent flyers and responding to their particular needs. We are also looking to strengthen our relationship with our corporate clients. For Ansett, this customer-driven strategy reflects a paradigm shift from a regulated airline operator to a service organisation. We are looking to leverage the value of our brand in order to build our customer base and achieve long-term sustainable profit and growth.

Providing true customer service requires us to offer global travel solutions. We moved closer to achieving this aim when, in March 1999, Ansett Australia was welcomed as a full member of the Star Alliance™ network, the world's largest global airline group.

In addition to joining the Star Alliance™ network, Ansett has formed the Olympic Airline Team, a consortium of eight major international airlines, to deliver a global service as the official carrier for the Sydney 2000 Olympic Games. We are looking forward with enthusiasm to playing a key role in this great event.

In re-shaping the company, we are maintaining our focus on our core business — aviation. More non-core assets and other businesses were divested. We continued to restructure our route network, increasing services on high demand routes, moving out of those that are unprofitable, and re-positioning the roles of Ansett International and our regional airlines.

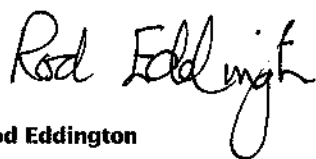
The international fleet is being upgraded, with two Boeing 747-400 aircraft replacing the existing B747-300s on routes between Australia and our key Asian destinations.

The fleet of our major regional airline, Kendell Airlines, is being significantly increased, facilitating the expansion of Kendell's route network. Customers will benefit from fast, comfortable and high frequency jet services.

Another key driver of change is developing the right organisation to enable us to implement our Great Business Plan. Reorganisation of our management structure is well under way. The comprehensive restructuring is based on improving customer service, better meeting the needs of a dynamic and competitive market, and increasing profitability.

One of Ansett's primary concerns is our people. We are endeavouring to effect major change while preserving this and other core values of Ansett. A distinguishing factor of our change program is that we are putting in place an organisational infrastructure that is aligned with people development. The changes we are making to our management and staffing structure are facilitated by training, to be supported by a performance development and review process.

Our staff have recognised the need for change and are embracing the change process. I commend them for providing the support that is essential for Ansett to meet the challenges ahead and grow as a strong and successful company.



Rod Eddington
Executive Chairman

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GUIDING GOALS

The Business Recovery Program at Ansett, which began in 1997, has involved changes to every aspect of the business: products, structure, service and culture.

All the change projects being implemented have been developed to help us achieve our corporate goals:

- **Safety First**
- **Sustainable Profit**
- **Satisfied Customers**
- **Motivated Staff**
- **Responsible Corporate Citizen**

Collectively, our corporate goals mean we want to be a company for which safety, profit, customers, staff and community are equally important.



THE
UNITED STATES
NATIONAL ARCHIVES

GUIDING GOALS

Safety First

*Provide safe air travel service
for customers and a
safe workplace for staff*

Ansett Australia's longstanding commitment to maintaining the highest standards of safety is reflected by one of our corporate goals: Safety First. The safety committee has board representation and reports directly to the Board on all aspects of air safety and industrial safety. The role of the committee has been expanded to report on all code-share airlines, and a sub-committee has been formed to report on our regional airlines.

Considerable effort is being made to ensure safety continues to be an integral part of company culture. An inaugural Safety First awareness campaign was developed in conjunction with Professor Patrick Hudson, one of the world's leading corporate safety practitioners, and conducted throughout the entire organisation.

Throughout the year we continued to conduct exercises to test safety and contingency plans, including a major exercise in preparation for the Sydney 2000 Olympic Games. The exercise was conducted in conjunction with Federal and State authorities to ensure the soundness and compatibility of our security procedures.

The comprehensive compliance audit program established with the Civil Aviation Safety Authority (CASA) is being applied to all Ansett group airlines, including our regional airlines and all other associated regional airlines. The CASA program has been expanded to include a pilots exchange scheme, which is now under way.

Quality accreditation continues to be an imperative. Ansett has attained ISO9002 accreditation for its Flight Operations Department. Flight Despatch, the Flight Plan System Development Group and Operations Planning also have ISO9002 accreditation.

A comprehensive review of training program development at Ansett has culminated in the Proficiency Assessment and Training System (PATS). A process rather than a product, PATS is an essential part of an integrated approach to safety, standards and training design. PATS is now being applied to all aspects of training program development.

The Ansett Millennium Program is advancing on schedule. This has required a huge investment of staff time, funds and involvement in many aviation industry organisations. To ensure Year 2000 readiness, Ansett has followed an internationally accepted five-stage methodology with its Millennium Program.

Ansett has been a key driver in many Y2K industry forums and was a founding member of the International Air Transport Association's (IATA) Y2K project. Ansett is also actively sharing information on the Millennium Program with its Star Alliance™ network partners. Business continuity planning is a major aspect of the Millennium Program and our existing contingency plans are being reviewed to ensure they cover significant situations that may arise.

During the year, Ansett received three awards from the Victorian WorkCover Authority for excellence and innovation in workplace health and safety. The awards are determined by the cost of claims, types of injuries, severity of injuries and any pro-active approaches that have been instigated. Two of the awards recognise the achievements of our airport employees in putting the airline's 'Safety First' policy into practice. The third award was for our Flight Attendant Occupational Health and Safety Program.



GUIDING GOALS

Sustainable Profit

*Create value for shareholders and
generate strong and sustainable profits
to invest in future growth*

At Ansett Australia, processes and business disciplines have been established that will stand the company in good stead for the long-term. The year's results show that the business has the capacity for profit and growth.

The change process is providing us with the flexibility to implement our business strategies. More than 70 priority change projects were agreed upon in addition to those already under way in the Business Recovery Program. These are being progressively implemented.

Other major events aimed at improving business performance have occurred during the year. We divested more non-core assets and other businesses, including the Ansett Air Freight door-to-door division and our shareholdings in Diners Club Limited, Transport Industries Insurance Co. Limited, Carlson Wagonlit Travel Australia and in part Equant NV.

There was further restructuring of the domestic route network to ensure that we have the flexibility to meet customer demand and respond to changing business conditions and competition. Several unprofitable services were discontinued and arrangements with regional airlines expanded.

Kendell Airlines has ordered 12 new state-of-the-art Canadair-Regional Jet Series 200 (CRJ 200) aircraft from Bombardier Aerospace. The 50-seat aircraft are being used to service the airline's major expansion of its Australian regional routes. The CRJ 200 offers speed, quietness and comfort levels normally associated with much larger aircraft.

Ansett is extending and developing its alliance with Hazelton Airlines in New South Wales to supplement routes not currently serviced by Ansett, Kendell or Aeropelican. An alliance has also been established with the new Sunshine Coast airline, Sunshine Express, introducing high-frequency services between Maroochydore and Brisbane.



In north-west Western Australia and the Northern Territory, an alliance has been formed with Airnorth Regional — the major regional operator in the Northern Territory — for greater frequency in services covering Darwin, Broome, Kununurra and Groote Eylandt.

A code-share arrangement with Ansett's Brisbane-based commercial partner regional airline, Flight West Airlines, has been extended. Flights between Cairns and Papua New Guinea have been introduced. Flight West has also introduced services between Sydney and Norfolk Island to complement existing services from Brisbane.

The Ansett International fleet is being upgraded, with the lease of two Boeing 747-400 aircraft from Singapore Airlines. The B747-400s, equipped with personal video screens in every seat, are replacing the two existing B747-300s on routes between Australia, Hong Kong and Osaka. As well as enhancing the quality of customer service, the new aircraft will provide operational cost savings.

Ansett International maintained regular services to Hong Kong and Osaka and introduced a third service to Taipei from Sydney. The service to Shanghai was suspended. However, in response to growing demand, non-stop flights between Melbourne and Bali have been doubled.

Following the successful introduction of twice weekly services between Sydney and Fiji, a weekly service direct from Brisbane to Nadi has commenced.

A major code-share arrangement has been formed with All Nippon Airways, and code-sharing with Singapore Airlines has been extended, resulting in more efficient travel to Singapore, Bangkok, Kuala Lumpur, Frankfurt and London.

GUIDING GOALS

Satisfied Customers

*Acquire and retain valued customers
by recognising individual needs and
providing great service*

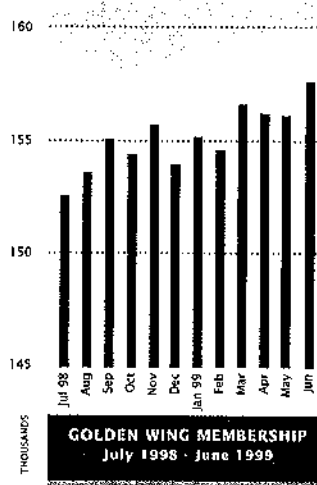
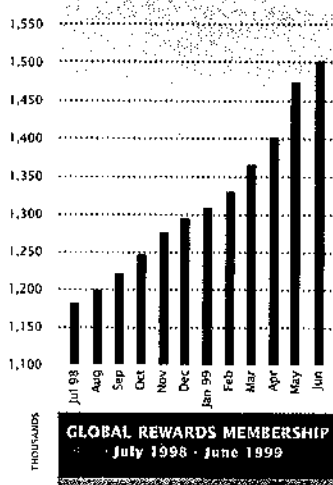
A focus on key customer needs, and responding with services that are profitable, is increasingly evident at Ansett. This strategy is reinforced by awareness programs, workshops and extensive research into customer needs and expectations. The extensive redevelopment of the Sydney terminal is largely based on providing our customers with services they value. Check-in and baggage handling are designed for speed and efficiency. Gate lounges are welcoming and comfortable.

Upgrading of the gate lounges and concourses at Melbourne Airport also commenced, providing lighter, brighter and more spacious customer facilities. A new queue management system was successfully trialed at Melbourne, with dedicated Queue Management Officers working with Customer Service Officers to minimise check-in time for our frequent-flying business customers. The initiative has now been introduced at Brisbane and Sydney airports.

New services developed for our corporate clients include a reporting system that allows customers to better manage their air travel expenditure, and telephone support that provides round-the-clock assistance to business travellers when overseas.

Global Rewards tiers have been revised to Diamond, Platinum and Sapphire. The enhancement of products and services continues. Global Rewards members have 24-hour access to new online services through Ansett's website. Diamond and Platinum members now receive full Golden Wing Club privileges. For all members, the Golden Wing Club provides unparalleled levels of comfort and convenience, such as international lounge access with Lufthansa, Air Canada, United Airlines and Air New Zealand.

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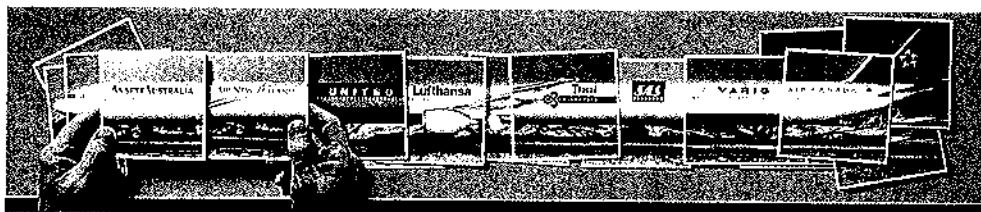


Membership of the Global Rewards program grew to 1.5 million during the year, an increase of 24 percent. Membership of the Golden Wing Club increased to over 155,000, an increase of 15 percent.

During the year, Ansett was welcomed as a full member of the Star Alliance™ network, the world's largest global airline group. Ansett joins Air Canada, Lufthansa, Scandinavian Airlines System (SAS), Thai Airways International, United Airlines, Varig Brazilian Airlines and Air New Zealand in the alliance. Japan's All Nippon Airways (ANA) will become a full member in October 1999. Network activity is expected to boost revenue for Ansett, while other economic benefits will be gained through joint purchasing and shared use of resources.

Through our membership of the Star Alliance™ network, our customers benefit from greater choice, more efficient connections, in terms of both time and ease, and cost savings. Frequent flyer status is honoured whenever a customer travels with any of the alliance carriers. When ANA becomes a full member in October 1999, the alliance will offer a worldwide network of more than 760 destinations in over 112 countries, more than 250 lounges and 1,820 aircraft. On average, a Star Alliance™ network flight takes off somewhere on the globe every 10 seconds.

The development of these significant international relationships brings us another step closer to providing our customers with a truly global travel solution.



STAR ALLIANCE





00063

GUIDING GOALS

Motivated Staff

*Recognise and reward the valuable
contributions of our people and build
a high performing team*

Achieving our Great Business Plan at Ansett is entirely dependent on the expertise and attitude of our people. Recognising this, the organisational structure of Ansett is being fundamentally changed, with three aims: to put in place the right organisation to deliver the business strategy; to support, develop and train our people to deliver the strategy; and to create a culture that recognises and rewards performance.

Staff have been provided with the opportunity to contribute to this change process through an Employee Opinion Survey, which has the ultimate objective of achieving maximum staff satisfaction, a key driver of customer satisfaction. Feedback from the survey will lead to the development of an action plan aimed at enhancing the work environment at Ansett.

At Board level, a Human Resource (HR) Committee has been established to review the company's HR philosophy and broad policies to ensure the company can attract and retain superior management talent through reward, development and succession planning programs.

The Committee will also ensure the company's employment practices comply with all statutory requirements as specified by employment legislation, and are reflective of being a good corporate citizen when benchmarked against other major Australian companies.

Both this initiative and the Great Business Plan recognise that Ansett is operating in a highly competitive service industry, where success is dependent upon people responding to customer needs and delivering the services they value.

In line with our customer-driven strategy and to build the right organisation to implement and achieve our business targets, the management structure has been extensively reorganised. Management teams have been formed around the way we provide services to customers rather than around our business functions.

Four divisions have been formed based on: designing customer-focused strategies and products; selling the airline's products to corporate and individual customers; supporting the products with appropriate ground services at airports; and providing air services. These four divisions are complemented by support functions. The divisions and support functions work together to develop and deliver tailored products and services to our customers.

An intensive recruitment and selection process is being undertaken throughout Ansett to match the right people to the right jobs. The rigorous process is designed to be transparent, and fair to all employees. Awareness and information programs about the internal restructuring are being followed by detailed training and development workshops. These are designed to facilitate change and equip both managers and staff with the skills to deliver long-term sustainable profit and growth.

An example of focusing on the needs of our customers is the program of 'customer-driven' workshops aimed at developing ways to view everyday work actions through the eyes of our customers. The workshops are attended by Ansett managers and staff. By recognising their needs, we can provide customers with the products and services they really want, in a way that is profitable.

These skill-building programs aimed at establishing a performance-driven organisation, are being supported by the implementation of a comprehensive Performance Development Review Program (PDRP). This system reviews and ultimately rewards the performance of every Ansett employee. The PDRP will be in place for the first three tiers of management in the 1999/2000 financial year and progressively rolled out to remaining staff.

Ansett Australia Union Collective Bargaining Agreement 1999 was certified in April. The Agreement makes available 9 percent worth of pay increases over its three-year term, 6 percent of which is contingent on achievement of labour efficiencies.

The company-wide reorganisation and people development processes are re-shaping Ansett as an organisation that is fast approaching best practice standards.

During the year, a number of awards were won which reflected the skills and dedication of our people and their focus on customer satisfaction. Ansett was named Airline of the Year — for the fifth consecutive year — by the Australian Federation of Travel Agents at the prestigious National Travel Industry Awards. At the same awards, Traveland was named Travel Agency Group of the Year.

Ansett was ranked second in a global survey assessing customer standards on 67 international airlines. The 1998 Business Traveller Asia Pacific poll of frequent flyers named Ansett among the world's top three airlines.

Frequent travellers also judged Ansett Australia as the best airline in the 1999 World Business Class Survey conducted by Inflight Research Services (IRS). IRS is regarded as the leading world expert on airline inflight qualitative analysis. Amongst long haul international business travellers, Ansett emerged as the clear leader, also taking out the quality awards for the Best Pacific Airline, the Best Onboard Catering and the Friendliest Cabin staff.

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ANSET AUSTRALIA

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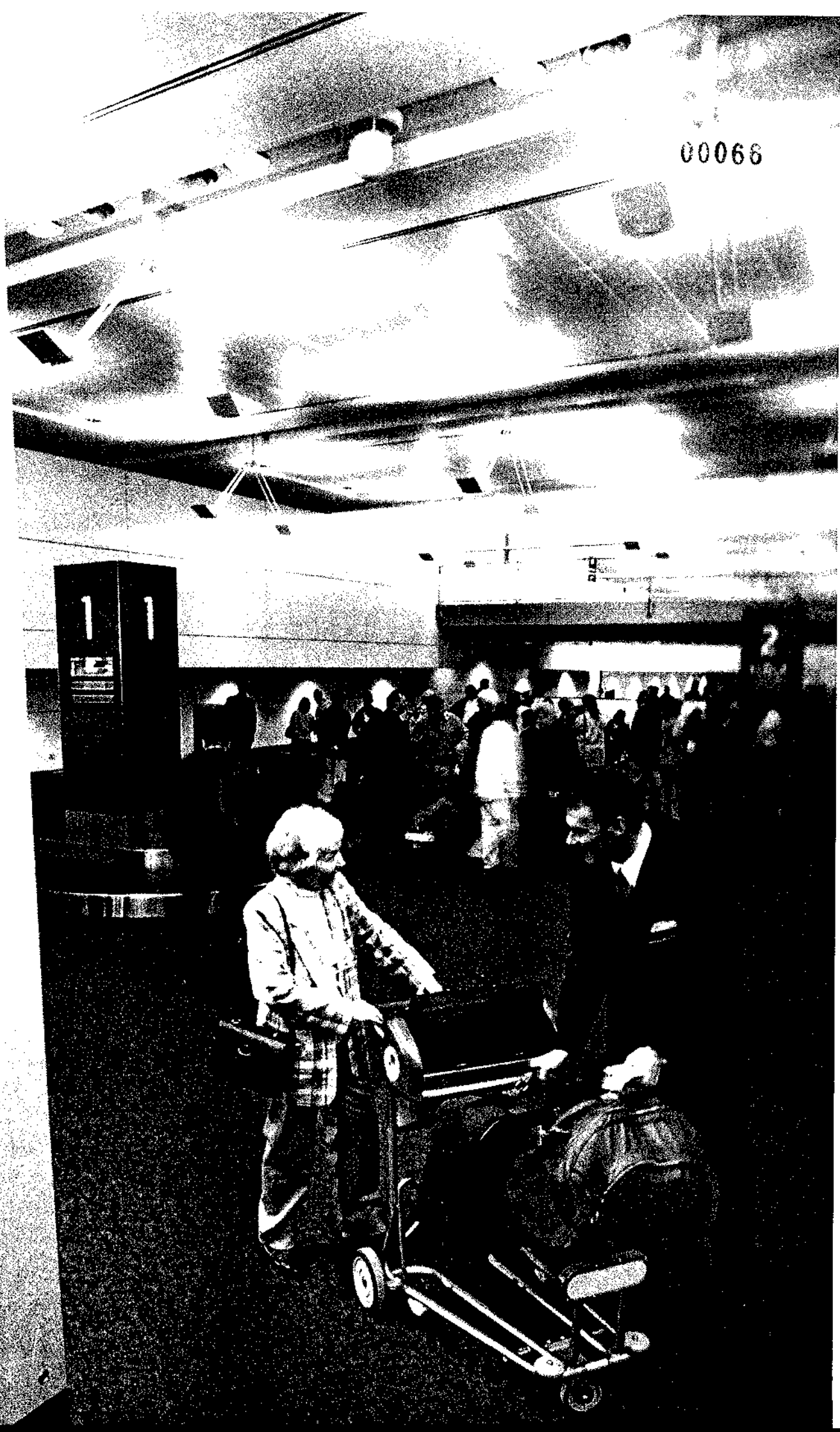


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GUIDING GOALS

Responsible Corporate Citizen

*Conduct business in an ethically,
socially and environmentally
responsible way*

The change process being implemented throughout Ansett focuses on examining all aspects of the business that are fundamental to being a responsible corporate citizen. This takes into account our relationship with all our stakeholders, including our shareholders, staff, customers, communities near airports and flight paths, suppliers, governments, authorities and the media.

Our aim is to ensure we conduct our business in a way that builds positive and productive long-term relationships with all stakeholders, with mutually beneficial outcomes.

From the wide-ranging review process, specific activities include further appraisal of our Code of Conduct, Code of Ethics and Environment Policy. The Code of Conduct sets out the standards expected in areas such as equal opportunity and business dealings. These codes guide the daily work practices of every employee.

The Environment Policy sets standards aimed at minimising the environmental impact of our operations. Ansett has signed a Memorandum of Understanding with the Federal Government that commits us to pursue all cost-effective opportunities within our operations to reduce the level of greenhouse gas contributions to the atmosphere. The major contributors are jet fuel burn and electricity use, which together account for 95 percent of Ansett's emissions. The aim is to use energy as efficiently as possible without compromising our service or adversely affecting our work environment.

The Operations Division has established a fuel management group that is developing and implementing fuel-saving measures. The Property Services Division has allocated resources to help identify and implement opportunities to lower electricity usage.

A more detailed environmental report can be found on our website www.ansett.com.au

Five year review

to the year ended 30 June 1999

Group Profit and Loss Account	Unit	1994/95	1995/96	1996/97	1997/98	1998/99
Total Revenue	\$ million	3,129.8	3,301.3	3,395.6	3,505.4	3,511.3
Total Expenses	\$ million	3,031.3	3,319.9	3,376.0	3,445.6	3,363.7
Earnings before Interest, Depreciation & Tax	\$ million	381.0	317.7	315.4	377.4	432.5
Earnings before Interest & Tax	\$ million	198.6	80.9	114.1	166.7	231.0
Net Interest Expense	\$ million	100.1	99.5	94.6	106.9	83.4
Trading Profit	\$ million	99.3	(13.5)	(0.3)	27.8	140.8
Sale of Non Core Assets and Foreign Exchange	\$ million	(0.8)	(5.1)	19.9	32.0	6.8
Operating Profit before Abnormals & Tax	\$ million	98.5	(18.6)	19.6	59.8	147.6
Net Profit after Tax	\$ million	52.6	58.4	(35.0)	29.5	156.8

Group Balance Sheet

Total Assets	\$ million	3,675.5	3,748.8	3,908.6	4,145.1	3,689.1
Total Debt	\$ million	1,942.6	1,719.2	1,690.7	1,786.7	1,314.8
Total Equity	\$ million	316.0	377.1	540.7	537.2	697.4

Group Performance Statistics

Traffic and capacity

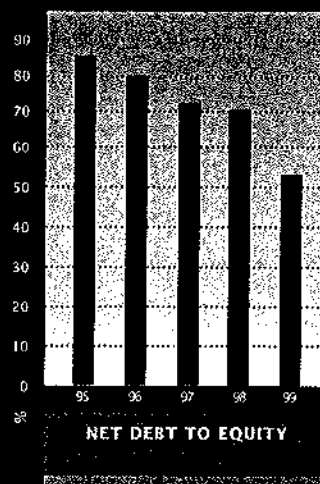
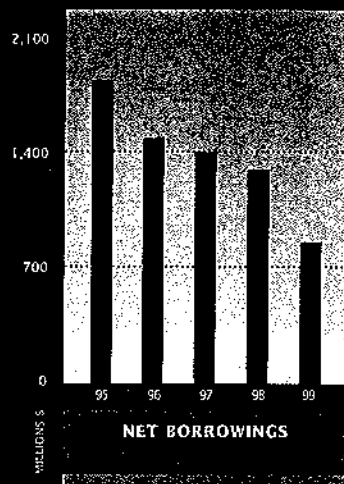
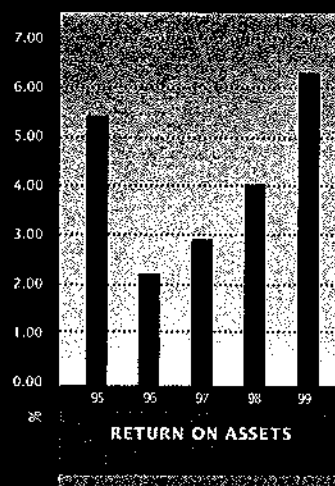
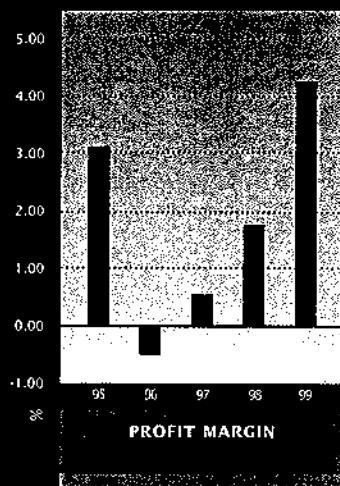
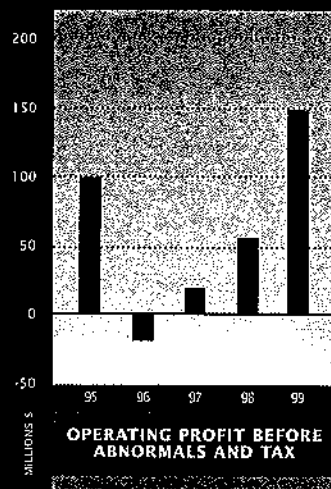
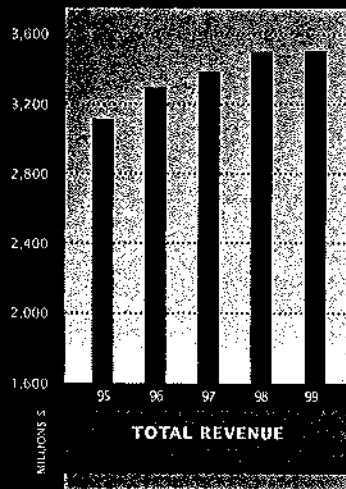
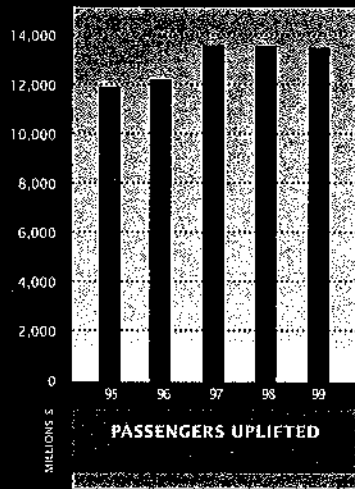
Passengers Uplifted	'000	11,827	12,160	13,469	13,447	13,399
Revenue Passenger Kilometres (RPKs)	million	13,911	15,469	17,020	17,230	16,964
Available Seat Kilometres (ASKs)	million	19,768	22,292	24,988	25,372	23,650
Load Factor	%	70.37	69.39	68.11	67.91	71.73

Productivity

Number of Employees	#	16,886	17,977	17,067	16,124	14,876
Revenue per Employee	\$'000	185,346	183,641	198,957	217,403	236,038
RPK per Employee	'000	824	860	997	1,069	1,140
ASK per Employee	'000	1,171	1,240	1,464	1,574	1,590

Key Financial Ratios

Gearing Ratio (Total Debt/Total Assets)	%	52.85	45.86	43.26	43.10	35.64
Net Debt to Equity (Total Debt-Cash/Total Debt-Cash+Equity)	%	85.43	79.83	71.97	70.27	53.96



All graphs from June 1995 to June 1999

CONCISE FINANCIAL REPORT

30 June 1999

Index

Directors' Report	23
Independent Audit Report	26
Directors' Declaration	27
Discussion and Analysis of Financial Performance	28
Profit and Loss Statement	29
Balance Sheet	30
Statement of Cash Flows	31
Notes to the Financial Statements	32

00071

Ansett Holdings Limited

AND ITS CONTROLLED ENTITIES

Directors' Report

The directors present their report together with the concise financial report of the consolidated entity, being Ansett Holdings Limited ("the Company") and its controlled entities, for the year ended 30 June 1999 and the auditors' report thereon.

DIRECTORS

The directors of the Company who are in office at the date of this report are:

Roderick Ian Eddington (49) B.Eng (Hons), M.Eng.Sci, D.Phil (Oxon)

Appointed Director and Executive Chairman in February 1997. Director and Executive Chairman of Ansett Australia Holdings Limited and Ansett Australia Limited since January 1997. Member of Safety and Human Resources Committees. Director of the News Corporation Limited since September 1999. Deputy Chairman of News Limited since September 1998. Director of News Limited since January 1997. Formerly Managing Director of Cathay Pacific Airways Limited.

James McCrea (60)

Appointed Director and Deputy Chairman in October 1996. Director of Ansett Australia Holdings Limited and Ansett International Limited since October 1996. Managing Director and Chief Executive of Air New Zealand Limited. Member of the New Zealand Tourism Board.

Kenneth Edward Cowley AO (64)

Appointed Director in 1994 (formerly Executive Chairman 1994 - 1997). Director of Ansett Australia Holdings Limited since 1988 (formerly Executive Chairman 1992 - 1997). Director of Ansett Australia Limited since 1992. Chairman and Director of Ansett International Limited since 1993. Chairman of Safety Committee. Formerly Director of News Limited 1978 - 1997, Managing Director 1980 - 1997 and Executive Chairman 1992 - 1997. Director of Independent Newspapers Limited since 1990. Director of The News Corporation Limited since 1979. Chairman of R.M. Williams Holdings Limited since 1994. Chairman of PMP Communications Limited since 1991. Director of Commonwealth Bank of Australia since 1997.

John Simon Curtis (49) LLB (Hons) BA

Appointed Director in May 1998. Director of Ansett Australia Holdings Limited since May 1998. Chairman of Human Resources Committee. Chairman of Allianz Australia Limited, Rothmans Holdings Ltd, Anglian Water International Australia Limited, St Hilliers Pty Ltd and First Data Resources Australia Advisory Committee and Caliburn Partnership Pty Ltd (associated with The Lazard Houses). Director of Air New Zealand Limited, Australian Technology Group Limited, Perpetual Trustees Australia Ltd, Stadium Australia Management Ltd and St George Bank Limited.

Peter John Macourt (43) B.Comm, CA

Appointed Director in October 1996 (formerly Alternate Director for Messrs Cowley and Cleary 1994 - 1996). Director of Ansett Australia Holdings Limited since October 1996 (formerly Alternate Director for Messrs Cowley and Cleary 1991 - 1996). Alternate Director of Ansett International Limited for Mr Cowley since June 1996. Member of Audit and Human Resources Committees. Deputy Chief Executive Officer of News Limited since September 1998. Director and Chief Financial Officer of News Limited since 1994. Director of AAP Information Services Pty Limited since May 1996. Director of Foxtel Management Pty Limited since January 1998.

Robert Harry Nazarian (48) B.Ec, MBA (Harv), CPA

Appointed Director in October 1996. Director of Ansett Australia Holdings Limited and Alternate Director of Ansett International Limited for Mr McCrea since October 1996. Member of Audit Committee. Executive Vice-President and Chief Financial Officer of Florida East Coast Industries Inc since July 1999. Formerly Chief Financial Officer of Air New Zealand Limited (1995-1998). Formerly Treasurer of Northwest Airlines Corporation (1998-1999).

Ansett Holdings Limited

AND ITS CONTROLLED ENTITIES

**Independent Audit Report on Concise Financial Report
to the Members of Ansett Holdings Limited****Scope**

We have audited the concise financial report of Ansett Holdings Limited and its controlled entities for the financial year ended 30 June 1999, as set out on pages 28 to 33, 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 Ansett Holdings Limited and its controlled entities for the year ended 30 June 1999. Our audit report on the full financial report was signed on 29th September 1999, 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".

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

Audit Opinion

In our opinion, the concise financial report of Ansett Holdings Limited and its controlled entities for the year ended 30 June 1999 complies with AASB 1039 "Concise Financial Reports".



KPMG
Chartered Accountants



S J LESLIE
Partner

Melbourne
29th September 1999

00073

Ansett Holdings Limited

AND ITS CONTROLLED ENTITIES

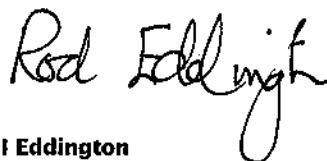
Directors' Declaration

In the opinion of the directors of Ansett Holdings Limited the accompanying concise financial report of the consolidated entity, comprising Ansett Holdings Limited and its controlled entities for the year ended 30 June 1999, set out on pages 28 to 33:

- 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".

Dated at Melbourne this 29th day of September 1999.

Signed in accordance with a resolution of the Directors.



R I Eddington
Director



J McCrea
Director

Ansett Holdings Limited

AND ITS CONTROLLED ENTITIES

Discussion and Analysis of Financial Performance for the year ended 30 June 1999

The Ansett Group achieved an operating profit after tax of \$156.8 million (1998: \$29.5 million). Included within this amount is a net abnormal profit of \$52.8 million (1998: \$22.5 million). The abnormal items principally relate to:

- The Ansett Group's strategy of focusing on core operations, which resulted in the disposal of certain non-core assets.
- Write down of the carrying value of certain assets to more accurately reflect their realisable value.

Operating profit before abnormal items and tax amounted to \$147.6 million (1998: \$59.8 million). This improvement in performance was predominantly due to a general improvement in trading and operating efficiencies arising from our change program:

- Ansett Australia, the core domestic airline, reported an improved result for the current financial year. Net passenger revenue was 3.8% higher than the prior year. Although passengers uplifted only increased by 0.3%, the improvement in net passenger revenue was achieved from improved yields and a 3.8 point improvement in load factors. This arose mainly from renewed strength in business related travel and business initiatives.
- A decrease in direct costs such as fuel and air navigation charges resulting from a reduction in activity.
- Ansett International Limited, an associated company, substantially reduced its operating loss from the previous year, due to the suspension of services to unprofitable routes.
- Net interest expense reduced by 22%.

A profit margin of 4.6% was achieved (1998: 1.7%). Our long-term goal is to achieve a profit margin of 10%.

Shareholder's equity improved by 30% to \$697.4 million from the previous financial year. This improvement reflects the Ansett Group's profit performance during the current financial year and the results from asset sales included in abnormal items.

Total assets of the Group have decreased by 11%. This is largely attributable to the sale of non-core assets, and the write down of assets to their recoverable amounts.

Return on assets (Earnings before Interest and Tax/Total Assets) of 6.3% was achieved (1998: 4.0%). Our long-term goal is to achieve a return on assets of 10%.

Net debt has reduced by 36% to \$817.4 million. This reduction in net debt has primarily arisen from profitable trading and the proceeds received on the sale of non-core assets. As a result the net debt to equity ratio improved to 54% (1998: 70%).

Increase in operating cashflows has largely arisen from the improved profit performance, as well as improved controls over the collection of trade debtors and payment of trade creditors.

Payments for property, plant and equipment include capital expenditure made in respect of the Sydney Terminal redevelopment.

Repayments of borrowings and payment of related interest was in accordance with contractual agreements entered into with third parties.

00075

Ansett Holdings Limited

AND ITS CONTROLLED ENTITIES

Profit and Loss Statement for the year ended 30 June 1999

	Note	CONSOLIDATED	
		1999	1998
		\$'000	\$'000
REVENUE	2	3,511,269	3,505,407
OPERATING PROFIT BEFORE ABNORMAL ITEMS AND INCOME TAX		147,595	59,759
Abnormal items		52,777	22,451
Operating profit before income tax		200,372	82,210
Income tax expense attributable to operating profit		(41,244)	(49,862)
Operating profit after income tax		159,128	32,348
Outside equity interest in operating profit		(2,287)	(2,819)
OPERATING PROFIT AFTER INCOME TAX ATTRIBUTABLE TO MEMBERS OF THE COMPANY		156,841	29,529
Accumulated losses at the beginning of the financial year		(184,946)	(68,147)
Aggregate of amounts transferred from reserves		3,426	(116,092)
TOTAL AVAILABLE FOR APPROPRIATION		(24,679)	(154,710)
Less appropriations			
Aggregate of amounts transferred to reserves		(10,952)	30,236
ACCUMULATED LOSSES AT THE END OF THE FINANCIAL YEAR		(13,727)	(184,946)

The profit and loss statement is to be read in conjunction with the discussion and analysis on page 28 and the accompanying notes to the financial statements.

Ansett Holdings Limited

AND ITS CONTROLLED ENTITIES

Balance Sheet as at 30 June 1999

	CONSOLIDATED	
	1999	1998
	\$'000	\$'000
CURRENT ASSETS		
Cash	497,404	517,036
Receivables	503,424	715,909
Inventories	44,603	40,320
Other	54,713	62,034
TOTAL CURRENT ASSETS	1,100,144	1,335,299
NON CURRENT ASSETS		
Receivables	56,027	111,749
Investments	4,156	28,233
Property, plant and equipment	2,407,055	2,449,565
Other	121,714	220,242
TOTAL NON CURRENT ASSETS	2,588,952	2,809,789
TOTAL ASSETS	3,689,096	4,145,088
CURRENT LIABILITIES		
Accounts payable	858,337	1,012,394
Borrowings	368,699	419,148
Provisions	189,982	217,564
Other	1,962	14,789
TOTAL CURRENT LIABILITIES	1,418,980	1,663,895
NON CURRENT LIABILITIES		
Accounts payable	188,134	163,843
Borrowings	946,085	1,367,506
Provisions	437,997	408,739
Other	465	3,827
TOTAL NON CURRENT LIABILITIES	1,572,681	1,943,915
TOTAL LIABILITIES	2,991,661	3,607,810
NET ASSETS	697,435	537,278
SHAREHOLDERS' EQUITY		
Share capital	625,817	50,116
Reserves	83,948	656,244
Accumulated losses	(13,727)	(184,946)
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO MEMBERS OF THE COMPANY	696,038	521,414
Outside equity interests in controlled entities	1,397	15,864
TOTAL SHAREHOLDERS' EQUITY	697,435	537,278

The balance sheet is to be read in conjunction with the discussion and analysis on page 28 and the accompanying notes to the financial statements.

00077

Ansett Holdings Limited**AND ITS CONTROLLED ENTITIES****Statement of Cash Flows for the year ended 30 June 1999**

	CONSOLIDATED	
	1999	1998
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts in the course of operations	3,300,823	3,350,515
Cash payments in the course of operations	(2,730,719)	(2,888,348)
Income taxes paid	(11,052)	(2,253)
Net cash provided by operating activities	559,052	459,914
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	3,059	4,397
Interest received	42,301	38,839
Payments for property, plant and equipment	(194,947)	(202,185)
Payments for investments in controlled entities	-	(6,390)
Net proceeds on the disposal of controlled entities	109,839	47,263
Loans to associated companies	-	(41,984)
Loans from associated companies	-	62,971
Repayment of loans to associated companies	(75,026)	-
Repayment of loans by associated companies	3,028	-
Loan repayments by other associates	1,040	3,458
Proceeds from sale of non-current assets	73,807	99,993
Net cash (used in)/provided by investing activities	(36,899)	6,362
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowing costs paid	(125,736)	(135,790)
Proceeds from borrowings	61,262	166,359
Repayment of borrowings	(282,271)	(198,291)
Lease drawdowns	10,720	6,349
Lease payments	(154,439)	(73,988)
Net cash used in financing activities	(490,464)	(235,361)
NET INCREASE IN CASH HELD	31,689	230,915
CASH AT THE BEGINNING OF THE FINANCIAL YEAR	513,921	283,006
Cash balances in controlled entities disposed of during the year	(48,206)	-
CASH AT THE END OF THE FINANCIAL YEAR	497,404	513,921

The statements of cashflows are to be read in conjunction with the discussion and analysis on page 28 and the accompanying notes to the financial statements.

Ansett Holdings Limited

AND ITS CONTROLLED ENTITIES

Notes to the Concise Financial Statements at 30 June 1999

1. BASIS OF PREPARATION OF CONCISE FINANCIAL REPORT

The concise financial report has been prepared in accordance with Corporations Law, Accounting Standard AASB 1039 "Concise Financial Reports" and applicable Urgent Issues Group Consensus Views. The financial statements and specific disclosures required by AASB 1039 have been derived from the consolidated entity's full financial report for the financial year. Other information included in the concise financial report is consistent with the consolidated entity'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 consolidated entity as the full financial report.

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

The accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy, are consistent with those of the previous year.

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

2. REVENUE

Revenue from operating activities:

	CONSOLIDATED 1999 \$'000	1998 \$'000
Rendering of services	3,275,419	3,287,041
Interest:		
related parties	2,697	3,233
other parties	39,604	35,606
Aircraft refinancing gains	-	11,995
Net foreign exchange gain	-	20,276

Revenue from outside operating activities:

Gross proceeds from sale of controlled entities and non-current assets	193,549	147,256
	<u>3,511,269</u>	<u>3,505,407</u>

3. CONTINGENT LIABILITIES

The details and estimated maximum amounts of contingent liabilities that may become payable are set out below. The directors are not aware of any circumstance or information which would lead them to believe that these liabilities will crystallise and consequently no provisions are included in the financial statements in respect of these matters.

Unsecured guarantees

Other corporations	2,055,871	2,353,002
--------------------	-----------	-----------

Included is an amount of \$1,876,147,000 (1998: \$2,218,398,000) relating to the guarantee of other entities' (Ansett Worldwide Aviation Limited and Ansett Worldwide Aviation USA) commitments under long term aircraft leasing arrangements. The amount shown is the maximum liability that the consolidated entity could be called upon to pay. However, the directors consider that this contingent liability is significantly hedged by the underlying value of aircraft under lease. Also included is an amount of \$135,221,000 (1998: \$63,934,000) for operating lease commitments relating to aircraft of certain associates and \$44,502,000 (1998: \$70,670,000) for the guarantee of creditors, other operating lease commitments and bank guarantees of certain associates.

Litigation

The consolidated entity is involved in various claims and litigation arising in the ordinary course of business, none of which is expected to have a significant effect upon its operating results or financial position.

00079

Ansett Holdings Limited

AND ITS CONTROLLED ENTITIES

**Notes to the Concise Financial Statements
at 30 June 1999**

	CONSOLIDATED		THE COMPANY	
	1999	1998	1999	1998
	\$'000	\$'000	\$'000	\$'000
4. DIRECTORS' REMUNERATION				
Directors				
Total income paid or payable or otherwise made available, to all directors of the Company and controlled entities, from the Company or any related party:	5,263	3,809	1,004	925

The number of directors of the Company whose income from the Company or any related party falls within the following bands:

\$0 - \$9,999	2	4
\$40,000 - \$49,999	1	1
\$50,000 - \$59,999	1	-
\$100,000 - \$109,999	1	1
\$770,000 - \$779,999	-	1
\$790,000 - \$799,999	1	-

Directors' income includes amounts paid by the consolidated entity during the year to indemnify directors and an allocation of insurance premiums paid by the consolidated entity in respect of Directors' and Officers' Liabilities and Legal Expenses insurance contracts, in accordance with common commercial practice.

Other Employees

The table below sets out the number of individuals, excluding those who have retired or resigned during the year, in each employment category whose total remuneration for the financial year fell into the following ranges:

	CONSOLIDATED		
	Managers	Pilots and Flight Engineers	Other
\$100,000 - \$119,999	59	76	81
\$120,000 - \$139,999	43	248	74
\$140,000 - \$159,999	19	84	22
\$160,000 - \$179,999	20	35	4
\$180,000 - \$199,999	6	75	-
\$200,000 - \$219,999	2	172	-
\$220,000 - \$239,999	6	101	-
\$240,000 - \$259,999	2	33	-
\$260,000 - \$279,999	4	6	-
\$300,000 - \$319,000	2	-	-
\$320,000 - \$339,000	4	-	-
\$340,000 - \$359,000	2	-	-
\$380,000 - \$399,000	4	-	-
\$420,000 - \$439,000	2	-	-

5. SEGMENT INFORMATION

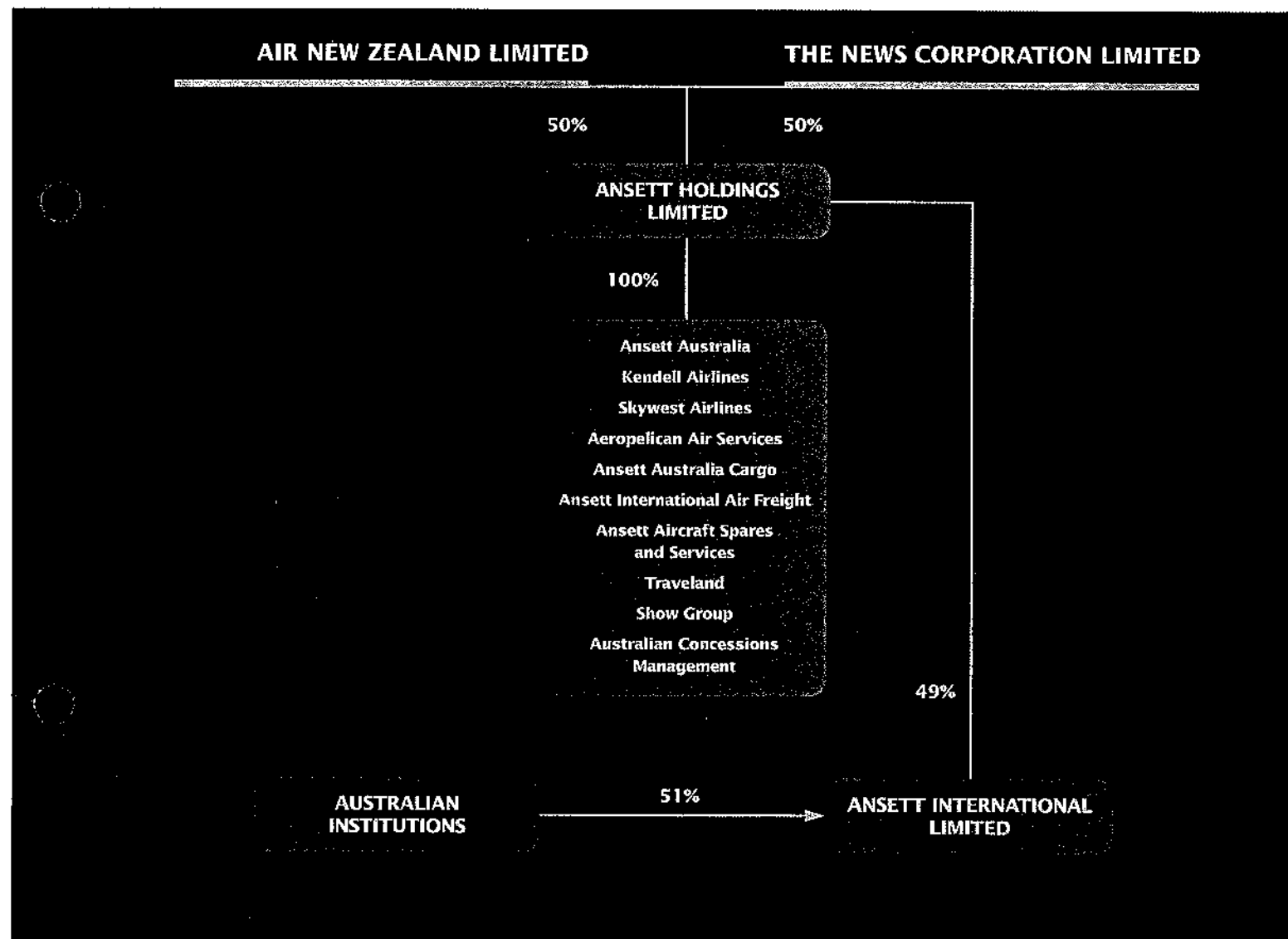
The consolidated entity operates predominantly within the transport industry in Australasia.

6. DIVIDENDS

No dividends were paid or proposed in the current or prior financial years.

Group structure

as at 30 June 1999



00081

Ansett fleet

as at 30 June 1999

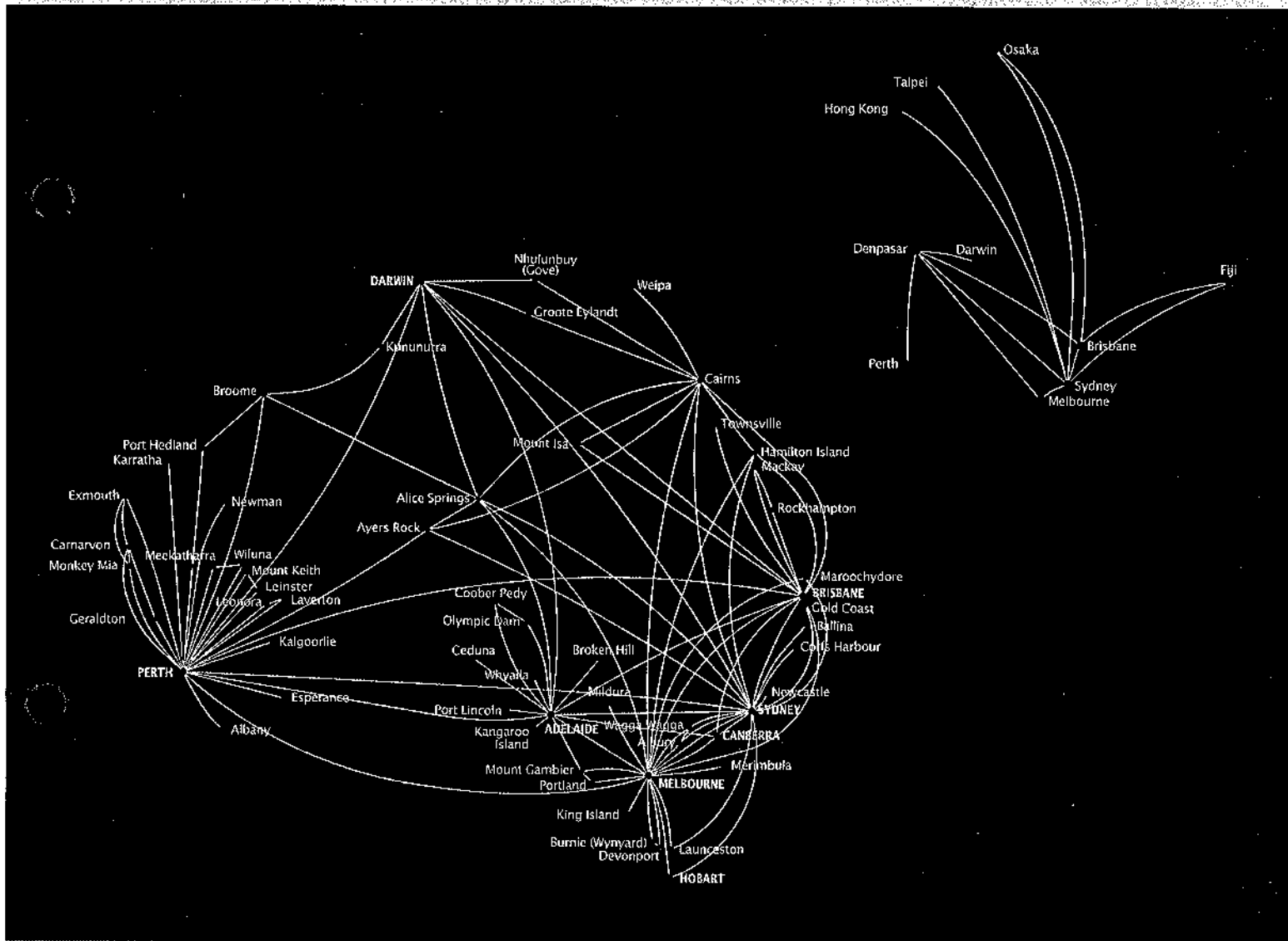
AIRCRAFT	ENGINE	PASSENGERS	IN OPERATION	ON LEASE TO OTHER CARRIERS
Ansett Australia				
Boeing 767-200	CF6-80A	211	9	-
Airbus A320-200	CFM56-5-A1	144	20	-
Boeing 737-300	CFM56-3-B1	114	22	-
BAe 146-300	ALF502-R5	92	13	9
BAe 146-200	ALF502-R5	73	8	1
Fokker F28-4000	Rolls Royce RB18	63	4	1
BAe 146-200QC	ALF502-R5	77	-	1
Fokker 50	PW125B	46	11	5
Ansett Air Freight				
Boeing 727-200F	JT8D-15	-	1	-
BAe 146-200QT	ALF502-R5	-	2	-
Fokker F27	Rolls Royce Dart	-	1	-
Ansett International				
Boeing 747-300 ¹	JT9D-7R4G2	428	2	-
Boeing 767-300ER	CF6-80C2B6F	210	1	-
Boeing 767-200ER	CF6-80A	175	2	-
Ansett Regional Airlines				
Saab 340A	GE-CT7-5A	34	8	-
Saab 340B	GE-CT7-9B	34	8	-
Fairchild Metro 23	TPE-331-12	19	7	-
BAe Jetstream 31	TPE-331-10	15	3	-
DHC-6 Twin Otter	PT6-27	18	4	-

¹ These aircraft replaced by B747-400s in August and September 1999.

* 12 CRJ-200 aircraft are currently on order for delivery over the next three years. Options exist for the delivery of a further 12 beyond this period.

00082

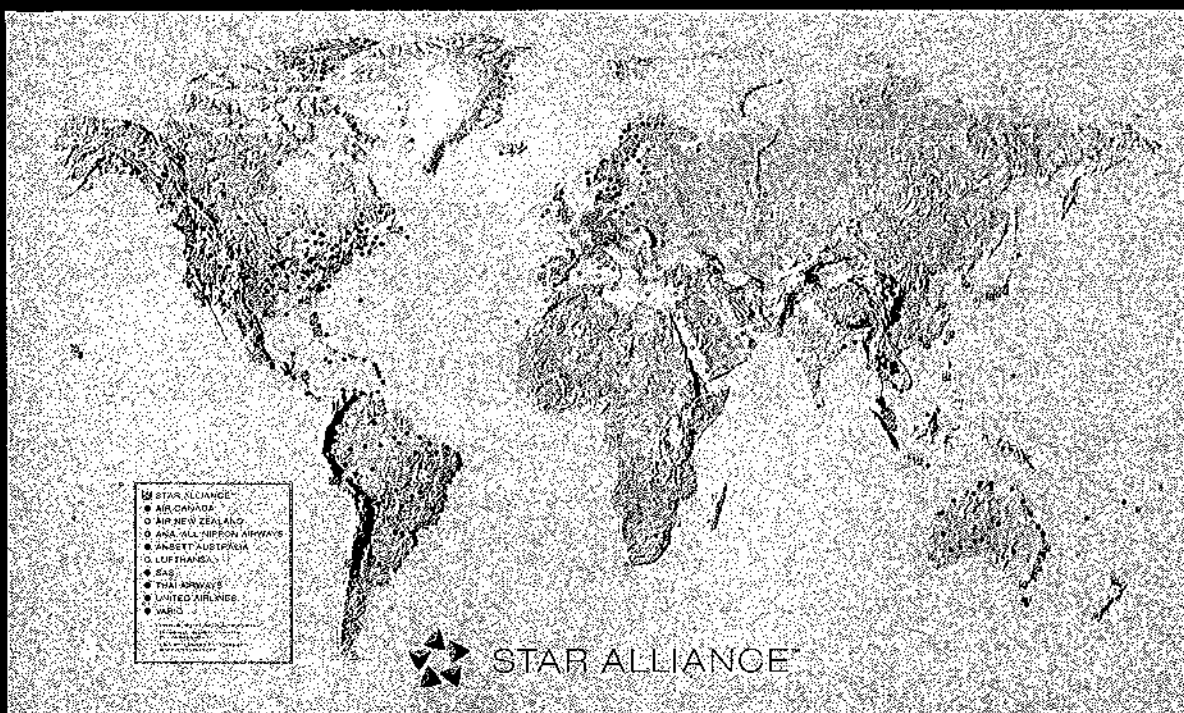
Route network



00083



Star Alliance™ network



We would like to thank our staff, who have recognised the need for change at Ansett, and have worked hard towards helping Ansett become a Great Airline and a Better Business. Our success is a reflection of their ongoing commitment and support.

We would also like to thank the following staff members for giving up their time to appear in this Annual Review:

Jodie Fraser Customer Service Officer, Sydney; **Marty McDonald** Lounge Porter, Sydney; **Roslyn McKenzie** Domestic Flight Attendant; **Catherine Devine** Reservations Sales Agent, Launceston; **Angela Scott** Reservations Sales Agent, Launceston; **Kelly Nicholas** Reservations Sales Agent, Launceston; **Jacqueline Manson** Reservations Sales Agent, Launceston; **Carolyn Scott** Reservations Sales Agent, Launceston; **Paul Robinson** Reservations Sales Agent, Launceston; **Debbie Snooks** Reservations Sales Agent, Launceston; **Bianca Badcock** Reservations Sales Agent, Launceston; **Kevin Bowd** Reservations Sales Agent, Launceston; **Rohan Lane** Aircraft Mechanic, Engine Overhaul, Melbourne; **Shane Fisher** Aircraft Mechanic, Engine Overhaul, Melbourne; **Warren Fridell** Aircraft Mechanic, Engine Overhaul, Melbourne; **Allan Melville** Aircraft Mechanic, Engine Overhaul, Melbourne; **Tim Matterson** Aircraft Mechanic Apprentice, Engine Overhaul, Melbourne; **Angela Belegirinos** Customer Service Officer, Melbourne Golden Wing Lounge; **Caroline Caruana** Customer Service Officer, Melbourne Golden Wing Lounge.


DESIGNED BY MALPASS & BURROWS PRINCIPAL PHOTOGRAPHY BY JAMES LAURITZ WRITTEN BY DAVID WEBSTER

FORM No. 12-50

00084



ANSETT AUSTRALIA

A STAR ALLIANCE MEMBER 

ANSETT AUSTRALIA LIMITED
A.C.N. 004 209 410

ANNUAL FINANCIAL REPORT

30 JUNE 1999

I N D E X

	Page
Directors' Report	1
Independent Auditors' Report	3
Directors Declaration	4
Profit and Loss Account	5
Balance Sheet	6
Statement of Cash Flows	7
Notes to the Financial Statements	8

ANSETT AUSTRALIA LIMITED**DIRECTORS' REPORT**

The directors present their report together with the financial statements of Ansett Australia Limited ("the Company") for the year ended 30 June 1999 and the auditors' report thereon.

DIRECTORS

The directors of the Company at any time during or since the financial year are:

K.E. Cowley, A.O.
R.I. Eddington
C.A. Wallace
D.J. Irvine

PRINCIPAL ACTIVITIES

The principal activities of the Company during the course of the financial year were airline passenger and freight services.

RESULT

The Company's operations for the financial year resulted in an operating profit after income tax of \$182,818,000 (1998 loss: \$97,051,000)

REVIEW OF OPERATIONS

Included within the 1999 operating profit after tax was a net abnormal profit of \$40.1million (1998 abnormal loss: \$84.9 million). The abnormal items principally relate to gains on the disposal of non-core assets and writedowns in relation to the aircraft fleet.

The improvement in performance for the year was in line with expectations and was predominantly due to a general improvement in trading and operating efficiencies. Net passenger revenue has improved due to renewed strength in business related travel and business initiatives.

STATE OF AFFAIRS

As part of the Company's strategy of focusing on its core operations, the company disposed of its door to door freight business during the financial year.

In the opinion of the Directors there were no other significant changes in the state of affairs of the Company that occurred during the financial year under review.

EVENTS SUBSEQUENT TO BALANCE DATE

The directors are not aware of any matter or circumstance not otherwise dealt with in the financial statements that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

LIKELY DEVELOPMENTS

Information as to the likely developments in the operations of the Company and the expected results of those operations in subsequent financial years has not been included in this report because the directors believe, on reasonable grounds, that to include such information would be likely to result in unreasonable prejudice to the Company.

ANSETT AUSTRALIA LIMITED

DIRECTORS' REPORT

ENVIRONMENT

The operations of the Company are subject to significant environmental regulation under both Commonwealth and State legislation. In particular the Airport (Environmental Protection) Regulations 1997 and specific State legislation, not specifically prohibited by the Commonwealth legislation, affect aircraft operations, maintenance and other activities. The Company has used to identify any risk of breaching environmental legislation. Any identified potential breach is discussed with the relevant authority to ensure a satisfactory solution is reached.

Environmental risk is also addressed through the development of management plans and delivery of compliance training. Ansett is currently implementing its National Spill Response Strategy aimed at ensuring that spill response techniques are consistent across all Ansett operations. Other management plans have been introduced at Ansett's maintenance and engineering facilities focused on minimising the environmental risk associated with Ansett's key engineering activities such as washing aircraft.

Overall, environmental risk has been managed through an Executive Environmental Steering Committee. It has now been determined that environmental risk will be managed, with other company risk, through an Executive Compliance Committee.

To the directors knowledge, there have been no significant breaches of relevant legislation.

DIRECTORS' INTERESTS AND BENEFITS

No director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due to be received by directors, as shown in the financial statements) by reason of a contract made by the Company or a related body corporate, with any director or with a firm of which any director is a member or with an entity in which any director has a substantial financial interest.

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company has an agreement indemnifying all the directors and officers of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors and officers of the Company, except where the liability arises out of conduct involving lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Since the end of the previous financial year the parent entity has paid insurance premiums of \$153,275 in respect of Directors' and Officers' Liability and Legal Expenses insurance contracts, for current and former officers, including executive officers of the Company. This policy insures against all liabilities and expenses arising as a result of work performed in the respective capacity of the person, to the extent permitted by the law.

ROUNDING

The Company is 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 financial report and directors report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is signed for and on behalf of the directors in accordance with a resolution of the Board of Directors this 21st day of October 1999, at Melbourne



Director



Director

ANSETT AUSTRALIA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ANSETT AUSTRALIA LIMITED

Scope

We have audited the financial report of Ansett Australia Limited for the financial year ended 30 June 1999, being a special purpose financial report consisting of the profit and loss statement, balance sheet, statement of cash flows, accompanying notes, and the directors' declaration set out on pages 4 to 24. The Company's directors are responsible for the financial statements. The Directors have determined that the accounting policies used and described in Note 1 to the financial reports are appropriate to meet the requirements of the Corporations Law and the needs of the members. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the Company. No opinion is expressed whether the accounting policies used, and described in Note 1, are appropriate to the needs of the members.

The financial reports have been prepared for distribution to members for the purpose of fulfilling the requirements of the Corporations Law. We disclaim any assumption of responsibility for any reliance on this report, or on the financial reports to which it relates, to any person other than members, or for any purpose other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial reports, and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with the basis of accounting described in Note 1 to the financial statements. These policies do not require the application of all Accounting Standards nor other mandatory professional reporting requirements.

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

Audit Opinion

In our opinion, the financial report of Ansett Australia Limited is in accordance with:

- (a) the Corporations Law, including:
 - i) giving a true and fair view, in accordance with the accounting policies described in Note 1 to the financial statements, of the Company's financial position as at 30 June 1999 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
 - ii) complying with AASB 1025 "Application of the Reporting Entity Concept and Other Amendments", AASB 1034 "Information to be Disclosed in Financial Reports", other Accounting Standards to the extent described in Note 1, and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements to the extent described in Note 1 to the financial statements.

KPMG

KPMG
Chartered AccountantsPJ McDonald
Partner21st October 1999
Melbourne

ANSETT AUSTRALIA LIMITED

DIRECTORS' DECLARATION

In the opinion of the directors of Ansett Australia Limited:

1. (a) the company is not a reporting entity;
- (b) the financial statements and notes, set out on pages 5 to 24, are in accordance with the Corporations Law, including:
 - (i) giving a true and fair view of the financial position of the Company as at 30 June 1999 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date in accordance with the basis of accounting described in Note 1; and
 - (ii) complying with Accounting Standards to the extent described in Note 1 and the Corporations Regulations; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Melbourne this 21st day of October 1999.

Signed in accordance with a resolution of the Directors.



Director



Director

ANSETT AUSTRALIA LIMITED

PROFIT AND LOSS STATEMENT

FOR THE YEAR ENDED 30 JUNE 1999

	Note	1998	1999
OPERATING REVENUE		<u>3,116,213</u>	<u>3,155,225</u>
OPERATING PROFIT/(LOSS) BEFORE ABNORMAL ITEMS AND INCOME TAX	2	205,120	(10,169)
Abnormal items	3	<u>40,134</u>	<u>(84,852)</u>
Operating profit/(loss) before income tax		245,254	(95,021)
Income tax (expense)/benefit attributable to operating profit	4	<u>(62,436)</u>	<u>(2,030)</u>
OPERATING PROFIT/(LOSS) AFTER INCOME TAX		182,818	(97,051)
Accumulated losses at the beginning of the financial year		(300,432)	(86,371)
Aggregate of amounts transferred from reserves	16	<u>4,052</u>	<u>(117,010)</u>
ACCUMULATED LOSSES AT THE END OF THE FINANCIAL YEAR		<u>(113,562)</u>	<u>(300,432)</u>

The profit and loss account is to be read in conjunction with the accompanying notes to the financial statements.

ANSETT AUSTRALIA LIMITED

BALANCE SHEET
AS AT 30 JUNE 1999

	Note	\$'000	\$'000
CURRENT ASSETS			
Cash		56,979	31,803
Receivables	5	446,601	479,173
Inventories	7	23,633	19,567
Other	9	5,037	1,141
TOTAL CURRENT ASSETS		532,250	531,684
NON CURRENT ASSETS			
Receivables	5	6,500	6,972
Investments	6	1,023	1,085
Property, plant and equipment	8	4-1,899,880	1,916,540
Other	9	25,073	4,909
TOTAL NON CURRENT ASSETS		1,932,476	1,929,506
TOTAL ASSETS		2,464,726	2,461,190
CURRENT LIABILITIES			
Accounts payable	10	844,890	819,928
Borrowings	11	92,846	79,105
Provisions	13	228,026	169,526
Other	14	612	1,688
TOTAL CURRENT LIABILITIES		1,166,374	1,070,247
NON CURRENT LIABILITIES			
Accounts payable	10	92,778	73,683
Borrowings	11	927,178	1,247,401
Provisions	13	259,692	230,847
Other	14	465	3,827
TOTAL NON CURRENT LIABILITIES		1,280,113	1,555,758
TOTAL LIABILITIES		2,446,487	2,626,005
NET ASSETS		18,239	(164,815)
SHAREHOLDERS' EQUITY			
Share capital	15	3,000	3,000
Reserves	16	128,801	132,617
Accumulated losses		(113,562)	(300,432)
TOTAL SHAREHOLDERS' EQUITY/(DEFICIENCY)		18,239	(164,815)

The balance sheet is to be read in conjunction with the accompanying notes to the financial statements.

ANSETT AUSTRALIA LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 1999

	Note	1999	2000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		2992,058	3,029,719
Cash payments in the course of operations		(2,536,211)	(2,620,390)
Net cash provided by operating activities	22	<u>455,847</u>	<u>409,329</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		-	400
Interest received		366	457
Payments for property, plant and equipment		(149,018)	(261,160)
Loans made to associated companies		(13,805)	(69,695)
Amounts paid to controlled entities		(3,111)	3,959
Net advances (to)/from related bodies corporate		(31,040)	71,230
Loan repayments by directors and officers		-	313
Proceeds from sale of non current assets		64,749	162,094
Net cash used in investing activities		<u>(131,859)</u>	<u>(92,402)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowing costs paid		(70,199)	(86,677)
Proceeds from borrowings		-	126,932
Repayment of borrowings		(57,808)	(30,444)
Amounts received/(repaid) on loan from parent entity		(135,231)	(269,741)
Lease payments		(21,980)	(33,301)
Net cash (used in)/provided by financing activities		<u>(285,218)</u>	<u>(293,231)</u>
NET INCREASE IN CASH HELD		38,770	23,696
CASH AT THE BEGINNING OF THE FINANCIAL YEAR	22	18,209	(5,487)
CASH AT THE END OF THE FINANCIAL YEAR	22	<u>56,979</u>	<u>18,209</u>

The Statement of Cashflows is to be read in conjunction with the accompanying notes to the financial statements.

ANSETT AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 1999

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of the financial statements are:

Basis of Preparation

The financial reports of the Company are a special purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Law.

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

The directors are of the view that the Company is not a reporting entity. These financial statements have been prepared as a special purpose financial report solely to meet the Corporations Law requirements to prepare financial statements. In the opinion of the Directors, the accounting standards applied in the preparation of these financial statements are appropriate to meet the needs of the members, and comply with all accounting standards applicable to general purpose financial statements, except for:

- AASB 1033 "Presentation and Disclosure of Financial Instruments"
- AASB 1017 "Related Party Disclosures"
- AASB 1028 "Accounting for Employee Entitlements" in respect of certain disclosures.

Other than non-compliance with the above standards, the Accounting Standards have been consistently applied by the company, and except where there is a change in accounting policy, are consistent with those of the previous year.

Receivables**Trade Debtors**

Trade debtors are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.

Inventories

Inventories and work in progress are valued at the lower of cost and net realisable value. Cost is based on the weighted average cost principle. Other stocks and stores are valued at cost and provision is made for any diminution in value.

Deferred Expenditure

Material items of expenditure are deferred to the extent that management consider that it is probable that future economic benefits embodied in the asset will eventuate and can be measured reliably. Deferred expenditure is amortised over the period in which the related benefits are expected to be realised.

Non Current Assets

The carrying amounts of all non current assets are reviewed to determine whether they are in excess of their recoverable amount at balance date. Where the carrying amount of a non current asset exceeds the recoverable amount, the asset is written down to the lower amount.

In assessing recoverable amounts of non current assets, the relevant cash flows have not been discounted to their present value, except where specifically stated.

Certain non current assets have been revalued. With the exception of land and buildings, such revaluations occur from time to time and are not made in accordance with a policy of regular revaluation.

ANSETT AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 1999

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments**Controlled Entities**

Investments in controlled entities comprise shares held in and non current advances to those controlled entities. Shares held are shown in the Company's financial statements at cost or valuation adjusted for any provision for diminution. Dividends from controlled entities are accounted for on a dividend received basis in the Company's financial statements.

Associated Companies

An associated company is one in which the economic entity exercises significant influence and where the investment in that entity has not been acquired with a view to disposal in the near future.

Investments in associated companies comprise shares held in and advances to those associated companies. Investments in associated companies are carried at the lower of cost and recoverable amount. Dividends are brought to account as they are received in the Company's financial statements.

Other Companies

Other investments are shown at cost unless otherwise noted. A provision for diminution in value of investments is created to account for any reduction in their valuation. Dividends are brought to account as they are received.

Income Tax

The company adopts the liability method of tax effect accounting.

Income tax expense or benefit is calculated on operating profit or loss adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the balance sheet as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to entities with tax losses are only brought to account when their realisation is virtually certain. The tax effect of capital losses is not recorded unless realisation is virtually certain.

ANSETT AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 1999

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Plant and Equipment

Acquisition

Items of property, plant and equipment are initially recorded at cost and depreciated as outlined below.

Revaluations

Certain fixed assets shown in the financial statements have been revalued at various times as indicated (Refer Note 8).

A provision for capital gains tax is only provided when it is known that the asset will eventually be sold.

Disposal of Revalued Assets

The gain or loss on disposal of revalued assets is calculated as the difference between the carrying amount of the assets at the time of disposal and the proceeds on disposal and is included in the result for the year of disposal. Any related revaluation increment or decrement relating to the disposed assets standing in the asset revaluation reserve at the time of disposal is transferred to retained profits.

Depreciation

Items of property, plant and equipment, including buildings and leasehold property, but excluding freehold land, are depreciated over the expected useful life, generally using the straight line method of depreciation.

The depreciation rates used for each class of assets are as follows:

Freehold buildings	2.5%
Leasehold buildings	5.5%
Aircraft, engines and spares (owned and leased)	4%
Plant and equipment (owned and leased)	15%

Depreciation rates are reviewed annually and if necessary, adjusted so that they will reflect the most recent assessments of the useful lives of the respective assets.

Leased Plant and Equipment

Leases of plant and equipment under which the economic entity assumes substantially all of the risks and benefits incidental to ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases are capitalised. A lease asset and liability equal to the present value of the minimum lease payments, excluding executory costs, are recorded at the inception of the lease. Lease liabilities are reduced by payments of principal. The interest component of the lease payment is charged to the profit and loss account. Capitalised lease assets are amortised on a straight line basis against the income of the accounting periods which are expected to benefit from their use over the term of the relevant lease, or where it is likely that the Company will obtain ownership of the asset, the life of the asset. Minimum lease payments made under operating leases are charged against profits in equal instalments over the accounting periods covered by the lease term.

Derivatives

The company is exposed to changes in interest rates, foreign exchange rates and commodity prices from its activities. It is group policy to use derivative financial instruments to hedge these risks. It is group policy not to enter, hold or issue derivative financial instruments for trading purposes.

Foreign Currency Hedges

Where hedge transactions are designed to hedge the purchase or sale of goods and services, any unrealised exchange gains and losses on the contracts, together with any costs or gains arising at the time of entering into the hedge are deferred until maturity of the hedge transaction and included in the measurement of the underlying sale or purchase transaction.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 1999

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivatives (continued)

All non specific hedge transactions are initially recorded at the spot rate of the currency of the transaction. At the balance date are translated at the rates of exchange ruling at the balance date. Gains or losses are recognised in the profit and loss account. Costs or gains arising at the time of entering into the hedge are deferred and amortised over the life of the hedge. All contracts that are hedging principal repayments of borrowing's are treated as non specific hedges.

Accounts payable**Trade Creditors and Accruals**

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company.

Frequent Flyer Liability

The obligation to provide travel rewards and other benefits to members of Ansett's frequent flyer program is progressively provided for as points are accumulated by members.

The provision is reduced to reflect the value of points redeemed by members and the expiration of unused points.

Related Party Loans

Loans from related parties are carried at the principal amount. Interest is taken up as an expense on an accrual basis.

Bank Overdraft and Bank Loans

The bank overdrafts and loans are carried at the principal amount. Interest on bank overdrafts is charged as an expense as incurred. Interest on bank loans is charged as an expense on an accrual basis.

Employee Entitlements**Wages, Salaries and Annual Leave**

The provisions for employee entitlements to wages, salaries and annual leave represent the amount which the economic entity has a present obligation to pay resulting from employees' services provided up to the balance date. The provisions have been calculated at nominal amounts based on current wage and salary rates and include related on-costs.

Long Service Leave

The liability for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the economic entity resulting from employees' services provided up to the balance date.

The measurement of long service leave entitlements which are not expected to be settled within twelve months have been based on a calculation of the present value of the estimated future cash outflows. In determining this liability, consideration has been given to future increases in wage and salary rates, staff departure rates and applicable discount rates which most closely match the terms of maturity of the related liabilities. Related on costs have also been included in the liability.

Superannuation Plans

The economic entity contributes to various superannuation plans, including employer sponsored superannuation plans in accordance with the requirements of trust deeds governing the respective superannuation plans. Contributions are charged against income as they are made.

ANSETT AUSTRALIA LIMITED**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 1999****Revenue Recognition****Sales Revenue**

Passenger and freight sales are not recognised as revenue until the transportation service is rendered. At the time of sale a liability for unearned revenue is established. Subsequently the liability is either recognised as revenue by the carrier or by another entity, through billing from another carrier who renders the service, or by refund to the customer.

Interest Income

Interest income is recognised as it accrues.

Asset Sales

The gross proceeds of asset sales are included as revenue of the economic entity. The profit or loss on disposal of assets is brought to account at the date an unconditional contract of sale is signed.

Foreign Currency**Transactions**

Foreign currency transactions are translated to Australian Currency at the rates of exchange ruling on the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the profit and loss account in the financial year in which the exchange rates change.

Borrowing Costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges. Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for the intended use or sale. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised or those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

Comparative Information

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

ANSETT AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 1999

	1999	1998
2. OPERATING PROFIT/(LOSS)		
REVENUE		
Operating profit/(loss) before income tax has been arrived at after including:		
Revenue from operating activities:		
Rendering of services	2,996,419	2,992,274
Dividend received		
- associate	-	400
Interest		
- related parties	307	401
- other parties	59	56
Foreign exchange gain	46,939	-
Revenue from outside operating activities:		
Gross proceeds from sale of non current assets	72,489	162,094
	<u>3,116,213</u>	<u>3,155,225</u>
OPERATING EXPENSES:		
Depreciation/amortisation of:		
- building	12,020	12,826
- aircraft engines and spares	78,230	81,639
- plant and equipment	33,675	41,426
- leased assets capitalised	28,724	27,712
- deferred expenditure	593	593
Amounts set aside to/(released from) provisions for		
- employee entitlements	(9,410)	12,624
- doubtful trade debts	(2,612)	(12,962)
- other	1,167	(2,897)
Bad debts written off	793	932
Operating lease rental expense	126,002	135,629
Borrowing costs:		
other parties	20,533	21,751
capitalised leases	27,678	34,438
related parties	21,989	30,489
Less borrowing costs capitalised:		
other parties	(2,794)	-
Auditors' Remuneration:		
Audit Services		
- auditors of the Company	210	281
Other Services		
- auditors of the Company	320	-
Net gain/(loss) on disposal of non current assets	1,520	(1,497)
Net foreign exchange loss	-	(102,524)

ANSETT AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 1999

3. ABNORMAL ITEMS

	1999 \$'000	1998 \$'000
Write off in relation to aircraft fleet	(2,349)	-
Income tax (expense)/benefit	835	-
	(1,514)	-
Gain/(Loss) on disposal of non current assets	42,483	(1,352)
Income tax (expense)/benefit	1,991	2,208
	44,474	856
Debt forgiveness	-	(83,500)
Income tax (expense)/benefit	-	-
	-	(83,500)
Aggregate abnormal items before income tax	40,134	(84,852)
Aggregate income tax effect	2,826	2,208
Aggregate abnormal items after income tax	42,690	(82,644)

ANSETT AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 1999

4. TAXATION

(a) Income Tax (Expense)/Benefit

	1999 \$'000	1998 \$'000
Prima facie income tax benefit calculated at 36% (1998 36%) on the operating profit/(loss) after abnormal items	(88,288)	34,207
Adjusted by the tax effect of:		
Debt forgiveness	-	(30,060)
Non assessable profit on sale of non current assets	17,285	
Other non deductible expenses	(2,092)	(6,496)
Income tax benefit on the operating loss	(73,095)	(2,349)
Income tax over provided in prior years	10,659	319
	<u>(62,436)</u>	<u>(2,030)</u>

(b) Future Income Tax Benefit

Future income tax benefit comprises the estimated future benefit, at current income tax rates, of the following items:

Timing differences	17,015	1,955
Tax losses	-	-
	<u>17,015</u>	<u>1,955</u>

Future income tax benefit has been offset against the provision for deferred income tax to the extent that timing differences giving rise to the provision will reverse within the reporting period during which the benefits from tax losses and other timing differences are available for deduction. Timing differences recorded as future income tax benefits which have been offset against the provision for deferred income tax amounts to \$139,820,000 (1998: \$174,463,000).

(c) Dividend Franking Account

As at 30 June 1998 the Company's dividend franking account had a surplus of \$31,379,825 (1998: \$31,379,825).

ANSETT AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 1999

5. RECEIVABLES

Current

Trade debtors

386,947 402,627

Less provision for doubtful debts

6,235 8,847

380,712 393,780

Sundry debtors and loans to other parties

5,053 7,953

Amounts owing by related parties

60,836 77,440

446,601 479,173

Non Current

Sundry debtors and loans to other parties

6,500 6,972

6. INVESTMENTS

Controlled entities:

Shares - at cost

16,974 16,974

Less amount written off

15,943 15,943

1,031 1,031

Associated companies:

Unlisted shares - at cost

50 50

Less associated companies reserves

(62) -

(12) 50

Shares in other corporations

4 4

1,023 1,085

7. INVENTORIES

Finished goods

335 1,530

Less provision for stock obsolescence

(17) 17

318 1,513

Raw materials and stores

22,784 16,933

Work in progress

531 1,121

23,633 19,567

ANSETT AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 1999

8. PROPERTY, PLANT AND EQUIPMENT

	1999 \$'000	1998 \$'000
Freehold land and buildings		
at cost	835	159
less accumulated depreciation	23	2
	<u>812</u>	<u>157</u>
at 1997 directors' valuation	77,397	78,134
less accumulated depreciation	3,041	1,532
	<u>74,356</u>	<u>76,602</u>
Total freehold land and buildings	<u>75,168</u>	<u>76,759</u>
Leasehold land and buildings		
at cost	5,515	1,317
less accumulated amortisation	624	202
	<u>4,891</u>	<u>1,115</u>
at 1997 directors' valuation	187,807	190,347
less accumulated amortisation	19,931	11,162
	<u>167,876</u>	<u>179,185</u>
Total leasehold land and buildings	<u>172,767</u>	<u>180,300</u>
Total land and buildings	<u>247,935</u>	<u>257,059</u>
Aircraft, engines and spares		
at cost	1,727,559	1,761,356
less accumulated depreciation	624,326	590,698
	<u>1,103,233</u>	<u>1,170,658</u>
at 1988 directors' valuation	17,525	17,525
less accumulated depreciation	12,351	11,728
	<u>5,174</u>	<u>5,797</u>
Total aircraft, engines and spares	<u>1,108,407</u>	<u>1,176,455</u>
Aircraft, engines and spares under lease		
at cost	514,905	514,905
less accumulated amortisation	241,996	221,381
	<u>272,909</u>	<u>293,524</u>
at 1985 directors' valuation	47,824	47,824
less accumulated amortisation	30,281	28,368
	<u>17,543</u>	<u>19,456</u>
Total aircraft, engines and spares under lease	<u>290,452</u>	<u>312,980</u>

ANSETT AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 1999

8. PROPERTY, PLANT AND EQUIPMENT (continued)

	1999 \$'000	1998 \$'000
Plant and Equipment		
at cost	632,553	525,784
less accumulated depreciation	399,668	377,634
	<u>232,885</u>	<u>148,150</u>
Plant and equipment under lease		
at cost	39,812	36,479
less accumulated amortisation	19,611	14,583
	<u>20,201</u>	<u>21,896</u>
Total plant and equipment	<u>253,086</u>	<u>170,046</u>
Total property, plant and equipment	<u>1,899,880</u>	<u>1,916,540</u>

The directors' valuation of land and buildings in 1997 was carried out as at 30 June 1997 and was on the basis of the market value of the properties concerned in their existing use. The directors of the Company are of the opinion that this valuation provides a reasonable estimate of recoverable amount as at 30 June 1999.

An independent valuation was carried out as at 30 June 1997 by Mr. P. Murphy F.V.L.E. of Herron Todd White and JLW TransAct for resort properties and Mr. J.D. Hatcher F.V.L.E. and Mr. P.R. Dickinson A.V.L.E. of Richard Ellis (Victoria) Pty Limited for the balance of the land and buildings portfolio. This valuation was obtained in accordance with the entity's policy of obtaining an independent valuation of land and buildings every three years.

ANSETT AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 1999

9. OTHER ASSETS

Current

Deferred expenditure

Prepayments

Other

1999	1998
\$'000	\$'000
984	100
4,053	890
-	151
5,037	1,141

Non current

Deferred expenditure

Future income tax benefit

Other

5,991	200
17,015	1,955
2,067	2,754
25,073	4,909

10. ACCOUNTS PAYABLE

Current

Trade creditors and accruals

Amounts owing to controlled entities

Amounts owing to related parties

Amounts owing to associated companies

752,447	713,701
24,795	27,906
67,648	64,516
-	13,805
844,890	819,928

Non current

Trade creditors and accruals

92,778	73,683
--------	--------

11. BORROWINGS

Current

Bank overdrafts - unsecured

Bank loans - fully secured

Other loans - fully secured

Lease liabilities

-	13,594
54,111	41,591
1,045	1,443
37,690	22,477
92,846	79,105

Non current

Bank loans - fully secured

Other loans - fully secured

Lease liabilities

Amounts owing to related parties

Amounts owing to parent entity

364,171	466,800
144	1,189
237,945	275,138
112,338	146,510
212,580	357,764
927,178	1,247,401

ANSETT AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 1999

	1999 \$'000	1998 \$'000
12. AMOUNTS PAYABLE IN FOREIGN CURRENCIES		
The Australian dollar equivalent of unhedged amounts payable in the following currencies calculated at the year end exchange rates are as follows:		
Amounts Payable		
Current:		
United States Dollars	62,968	-
Non current:		
United States Dollars	427,689	414,890
13. PROVISIONS		
Current		
Employee entitlements	112,930	123,008
Other provisions	47,159	46,518
Income tax	67,937	-
	<u>228,026</u>	<u>169,526</u>
Non current		
Employee entitlements	101,283	100,389
Deferred income tax	158,409	130,458
	<u>259,692</u>	<u>230,847</u>
14. OTHER LIABILITIES		
Current		
Deferred revenue	612	1,688
Non current		
Deferred revenue	465	3,827
15. SHARE CAPITAL		
Issued and paid up capital		
6,000,000 (1998: 6,000,000 of 50c par value) ordinary shares fully paid	<u>3,000</u>	<u>3,000</u>

The Company Law Review Act 1998 ("the Act") came into effect on 1 July 1998. The Act abolished par value shares. From 1 July 1998, share capital does not have a nominal (par) value.

ANSETT AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 1999

16. RESERVES

	1999 \$'000	1998 \$'000
Capital profit	3,400	3,400
Asset revaluation	125,208	129,260
Foreign currency translation	255	(42)
Associate company	(62)	-
	<u>128,801</u>	<u>132,618</u>

MOVEMENTS DURING THE YEAR

Asset Revaluation Reserve

Balance at beginning of year	129,260	-
Revaluation decrement on freehold land and buildings	-	(17,000)
Revaluation reserve transferred to accumulated losses	(4,052)	117,010
Prior period adjustment	-	29,250
	<u>125,208</u>	<u>129,260</u>

Foreign Currency Translation Reserve

Balance at beginning of year	(42)	2
Translation adjustment on controlled foreign entities	297	(44)
	<u>255</u>	<u>(42)</u>

17. CONTRACTUAL COMMITMENTS

Capital Expenditure Commitments

Contracted but not provided and payable:		
Not later than one year	85,163	144,421
Later than one year but not later than two years	17,534	18,059
Later than two years but not later than five years	48,355	33,307
Later than five years	52,624	41,408
	<u>203,676</u>	<u>237,195</u>

Operating Lease Commitments

Future operating lease rentals not provided for in the financial statements and payable:		
Not later than one year	99,682	107,475
Later than one year but not later than two years	77,280	95,126
Later than two years but not later than five years	154,403	165,993
Later than five years	877,630	785,681
	<u>1,208,995</u>	<u>1,154,275</u>

Finance Lease Commitments

Finance lease rentals are payable as follows:		
Not later than one year	63,394	49,581
Later than one year but not later than two years	74,126	65,804
Later than two years but not later than five years	193,833	301,995
	<u>331,353</u>	<u>417,380</u>
Less future finance charges	(55,718)	119,766
	<u>275,635</u>	<u>297,614</u>
Lease liabilities provided in the financial statements:		
Current	37,690	22,477
Non current	237,945	275,137
	<u>275,635</u>	<u>297,614</u>

ANSETT AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 1999

	1999	1998
	\$'000	\$'000

18. CONTINGENT LIABILITIES

The details and estimated maximum amounts of contingent liabilities that may become payable are set out below. The directors are not aware of any circumstance or information which would lead them to believe that these liabilities will crystallise and consequently no provisions are included in the accounts in respect of these matters.

Unsecured guarantees

Parent entity:

- maximum	115,000	114,500
- at balance date	115,000	114,500
Other corporations	55,688	31,348

Litigation

The Company is involved in various claims and litigation arising in the ordinary course of business none of which is expected to have a significant effect upon its operating results or financial position.

19. FINANCING ARRANGEMENTS

Bank Overdraft

The Company has access to bank overdraft facilities to a maximum of \$10,000,000 (1998 \$10,000,000) which is a part of a group offset facility leaving an unused facility of \$nil (1998 \$nil) at balance date. When aggregated with other balances which are a part of this facility, the maximum amount has not been exceeded.

Bank Loans

The Company has access to bank loans of \$418,282,000 (1998 \$508,391,000). At balance date, the unused portion was \$nil (1998 \$nil). Generally the bank loans are secured over aircraft and other aviation related assets of the Company.

Other Loans

The Company has access to bank loans of \$1,189,000 (1998 \$2,632,000). At balance date, the unused portion was \$nil (1998 \$nil). This is secured over certain assets of the Company.

ANSETT AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 1999

20. DIRECTORS REMUNERATION

Directors

Total income paid or payable, or otherwise made available, to the directors, including executive directors from the Company or any related party:

1999	1998
\$'000	\$'000

898	879
-----	-----

The number of directors of the Company, including executive directors whose income from the Company or any related party falls within the following bands:

\$0 - \$9,999	2	3
\$100,000 - \$109,999	1	1
\$770,000 - \$779,999	-	1
\$790,000 - \$799,999	1	-

Directors' income includes amounts paid by the parent entity during the year to indemnify directors, but does not include insurance premiums paid by the economic entity in respect of Directors' and Officers' Liabilities and Legal Expenses insurance contracts, as the insurance policies do not specify premiums paid in respect of individual directors. Details of the insurance premiums paid are set out in the Directors' Report.

21. SEGMENT INFORMATION

The Company operates predominantly within the transport industry in Australasia.

ANSETT AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 1999

	Note	1999 \$'000	1998 \$'000
22. NOTES TO THE STATEMENT OF CASH FLOWS			
(a) Reconciliation of Cash			
For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank, net of outstanding bank overdrafts and letters of credit. Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:			
Cash		56,979	31,803
Bank overdraft and letters of credit	11	-	(13,594)
		<u>56,979</u>	<u>18,209</u>
(b) Reconciliation of Operating Profit/(Loss) After Income Tax to Net Cash Provided by Operating Activities			
Operating profit/(loss) after income tax		182,818	(97,051)
Add/(Less) items classified as investing/financing activities:			
(Profit)/Loss on sale of non current assets		(1,520)	1,497
Dividends received		-	(400)
Borrowing costs		67,405	86,677
Interest revenue		(366)	(457)
Add/(Less) non cash items:			
Amounts set aside to provisions		(15,067)	(3,235)
Depreciation/amortisation		152,171	164,291
Unrealised foreign exchange (gains)/losses		(43,400)	100,262
Increase in income tax payable		67,937	-
Capitalised interest		2,794	-
Abnormal items:			
Profit on sale on non-current assets		(42,483)	-
Asset write-down		2,349	-
Debt forgivenesses		-	83,500
Loss on sale of non current assets		-	1,352
Net cash provided by operating activities before change in assets and liabilities		372,638	336,536
Change in assets and liabilities:			
Decrease in current assets		16,916	40,796
Increase in current liabilities		66,293	32,097
Net cash provided by operating activities		<u>455,847</u>	<u>409,329</u>

DRAFT

ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES
A.C.N. 065 117 535

ANNUAL FINANCIAL REPORT

30 JUNE 2001

I N D E X

	Page
Directors' Report	2
Independent Audit Report	6
Directors' Declaration	7
Statement of Financial Performance	8
Statement of Financial Position	9
Statements of Cash Flows	10
Notes to the Financial Statements	11

ANSETT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

The directors present their report together with the financial report of Ansett Holdings Limited ("the Company") and the consolidated financial report of the consolidated entity, being the Company and its controlled entities, for the year ended 30 June 2001 and the auditors' report thereon.

DIRECTORS

The directors of the Company at any time during or since the end of the financial year are:

Sir Selwyn John Cushing KNZM. CMG.

Appointed Director and Chairman in July, 2000. Chairman of Air New Zealand Limited, Brierley Investments Limited, New Zealand Rural Properties Limited, Viking Pacific Holdings Limited, New Zealand Symphony Orchestra and Passive Funds Management Limited. Governing Director of Pastoral Holdings (Waewaepa) Limited, Ashfield Farm Limited, Fairway Finance Limited, Seajay Securities Limited and H&G Limited. Director of Bank of New Zealand Limited, Williams and Kettle Limited and St Lukes Group Limited. Partner Esam Cushing & Company and Waewaepa Station.

James Alfred Farmer, QC. LL.M (Hons). PhD (Cantab).

Appointed Director and Deputy Chairman in July, 2000. Director of Air New Zealand Limited. Trustee of Air New Zealand Staff Share Purchase Schemes.

Hon. Philip Ralph Burdon LLB.

Appointed Director in July, 2000. Chairman of Superannuation Investment Limited, MFL Mutual Fund Limited and EBOS Limited. Deputy Chairman of NZ Post Limited. Director of Air New Zealand Limited, Brierley Investments Limited, CGU Insurance Group, ANZCO Limited, OPUS International Limited and PDL Limited.

Sir Ronald Powell Carter KNZM. FIPENZ. FICE. FNZIM. FCIT.

Appointed Director in July, 2000. Chairman of Headmasters Council, Auckland Grammar School. Executive Chairman of Auckland Chamber of Commerce & Industry. Deputy Chairman of Electricity Corporation of New Zealand Limited. Director of Air New Zealand Limited and Beca Group Limited.

John Simon Curtis LLB (Hons). BA.

Appointed Director in May 1998. Director of Ansett Australia Holdings Limited since May 1998. Appointed Chairman and Director of Ansett International Limited in June 2000. Chairman of Human Resources Committee. Chairman of Allianz Australia Limited, SecureGate Limited, St Hilliers Pty Ltd, First Data Resources Australia Advisory Committee and Caliburn Partnership Pty Ltd (associated with The Lazard Houses). Deputy Chairman of British American Tobacco Australasia Ltd. Director of Air New Zealand Limited, Australian Technology Group Limited, Perpetual Trustees Australia Ltd, Stadium Australia Management Ltd and St George Bank Limited. Chief Representative (Australia) of Credit Agricole Lazard Financial Products Bank.

Ralph James Norris FNZIM. FNZCS.

Appointed Director in July, 2000. Chairman of New Zealand Business Roundtable. Managing Director and Chief Executive of ASB Bank Limited. Director of Air New Zealand Limited, Northern Lifeguard Services and Auckland Children's Hospital Foundation. Deputy Chairman of the Child Development Foundation.

Gregory James Terry LLB. MA.

Appointed Director in July, 2000. Managing Director and Chief Executive of Brierley Investments Limited. Director of Air New Zealand Limited, James Hardie Industries Limited and Thistle Hotels PLC. Advisory Board member for Blake Dawson Waldron.

Sean Patrick Wareing FCPA. ACIS. FAICD.

Appointed Director in July, 2000. Appointed Director of Ansett Australia Holdings Limited in July 2000. Director of Air New Zealand Limited, Allianz Australia Limited, Email Limited, Wandglow Pty Limited, St Hilliers Pty Limited and Murdoch Magazines Pty Limited. Chairman of Compliance Committee for Commonwealth Managed Investments Limited.

William McLeod Wilson QC.

Appointed Director in July, 2000. Chairman of BIL New Zealand Assets Limited, Anafi Investments Limited, Isa Investments Limited. Director of Air New Zealand Limited. Chairman of Trustees of BIL New Zealand Charitable Trust.

Charles Barrington Goode BCom (Hons). MBA (Columbia). Hon LLD (Melb).

Appointed Director in August, 2000. Chairman Australia and New Zealand Banking Group Limited, Woodside Petroleum Ltd, Australian United Investment Company Ltd and Diversified United Investment Ltd. Director of Singapore Airlines Limited, CSR Limited and Queensland Investment Corporation Ltd.

ANSETT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

DIRECTORS (continued)

Dr Choong Kong Cheong BSc (Hons), PhD.

Appointed Director in August, 2000. Deputy Chairman and Chief Executive Officer of Singapore Airlines Limited. Chairman of Singapore Airport Terminal Services Limited and SIA Engineering Company Limited. Vice Chairman of Singapore-US Business Council. Director of Singapore Press Holdings Limited, The Oversea-Chinese Banking Corporation Limited, Virgin Atlantic Airways Limited, Virgin Atlantic Limited, Virgin Travel Group Limited, Singapore International Foundation and Institute of Defence and Strategic Studies.

Elizabeth Mary Coutts BMS. CA.

Appointed Director in August, 2000. Director of CME Limited, Health Funding Authority, Industrial Research Limited, New Zealand Tennis Inc., Pharmaceutical Management Agency Limited, Rannoch Estate Limited, Robert Henry Limited, Viking Pacific Holdings Limited, Venang Technologies Limited and Worley Group Limited and its subsidiaries. Commissioner of Earthquake Commission. Trustee of Auckland Centre for Psychotherapy Inc. and New Zealand Law Foundation. Member of Financial Reporting Standards Board (Institute of Chartered Accountants).

Michael Jiak Ngee Tan

Appointed director in August, 2000. Executive Vice President (Commercial) Singapore Airlines Limited. Chairman of SATS Airport Services Pte Limited. Deputy Chairman of Singapore Airport Terminal Services Limited. Director of Virgin Atlantic Limited, Virgin Atlantic Airways Limited and Virgin Travel Group Limited.

The following were directors from the beginning of the financial year until their resignations during the financial year or up to the date of this report.

James McCrea (resigned 7 July, 2000)

Robert Harry Nazarian (resigned 17 July, 2000)

DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the Company during the financial year were:

Director	Directors' Meetings		Audit Committee Meetings		Human Resources Committee Meetings		Safety Committee Meetings	
	A	B	A	B	A	B	A	B
S J Cushing	5	5	-	-	2	2	4	4
J A Farmer	7	7	-	-	-	-	-	-
P R Burdon								
R P Carter	4	7	-	-	-	-	5	5
C K Cheong								
E M Coutts								
J S Curtis	5	7	-	-	2	2	-	-
C B Goode								
R J Norris								
M J N Tan								
G J Terry	5	7	2	2	1	2	-	-
S P Wareing	0	7	2	2	-	-	-	-

ANSETT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the course of the financial year were:

Transport industry related including airline passenger, freight and other travel related services

CONSOLIDATED RESULT

The consolidated operating loss after income tax attributable to the members of the Company was \$373,043,000 (2000: profit \$144,436,000).

REVIEW OF OPERATIONS

A review of the operations of the consolidated entity during the financial year and the results of those operations are detailed in the annual report.

STATE OF AFFAIRS

In June 2000, the Company became a wholly owned subsidiary of the Air New Zealand Limited Group through its acquisition of the 50% shareholding previously held by News Corporation Limited.

As part of the consolidated entity's strategy of focusing on its core operations, the consolidated entity disposed of its Inflight Kitchens business, as well as its equity interests in Rex Aviation (NZ) Limited, Ansett New Zealand Limited and ANEX Limited (formerly Ansett Express Limited).

In the opinion of the directors, there were no other significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review.

EVENTS SUBSEQUENT TO BALANCE DATE

The directors are not aware of any matter or circumstance not otherwise dealt with in this report that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

LIKELY DEVELOPMENTS

Information as to likely developments in the operations of the consolidated entity and the expected results of these operations in subsequent financial years has not been included in this report because the disclosure of such information would be likely to result in unreasonable prejudice to the consolidated entity.

ENVIRONMENTAL REGULATION

The operations of all entities in the Ansett Holdings Limited Group are subject to significant environmental regulation under both Commonwealth and State legislation. In particular the Airport (Environmental Protection) Regulations 1997 and relevant State legislation, not specifically precluded by the Commonwealth legislation, affect aircraft operations, maintenance and other associated activities. During the year, environmental risk was included in the Corporate Risk Profile and the risk associated with not meeting environmental reporting requirements was assessed through a comprehensive risk assessment.

The consolidated entity managed its environmental risk through auditing and risk reduction initiatives. Regular internal and external audits were used to identify any risk of breaching environmental legislation. Any identified potential breach was discussed with the relevant authority to ensure a satisfactory solution was reached. The consolidated entity implemented its National Spill Response Strategy which is aimed at ensuring that spill response techniques are consistent across all group operations. The development of an Environmental Management System was commenced at Engineering focused on minimising the environmental risk associated with the group's key engineering activities.

To the directors' knowledge, there have been no significant breaches of relevant legislation.

ANSETT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

DIRECTORS' INTERESTS AND BENEFITS

No director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due to be received by directors, as shown in the consolidated financial report) by reason of a contract made by the Company, its controlled entities or a related body corporate, with any director or with a firm of which any director is a member or with an entity in which any director has a substantial financial interest.

INDEMNIFICATION AND INSURANCE OF OFFICERS

The consolidated entity has an agreement indemnifying all the directors and officers of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors and officers of the Company, except where the liability arises out of conduct involving lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Since the end of the previous financial year the consolidated entity has paid insurance premiums of \$153,275 in respect of Directors' and Officers' Liability and Legal Expenses insurance contracts, for current and former directors and officers, including executive officers of the Company and directors, executive officers and secretaries of its controlled entities. This policy insures against all liabilities and expenses arising as a result of work performed in the respective capacity of the person, to the extent permitted by the law.

ROUNDING

The Company is 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 financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is signed for and on behalf of the Directors in accordance with a resolution of the Board of Directors made pursuant to section 298(2) of the Corporations Law this day of , 2001, at

Director

Director

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

**INDEPENDENT AUDIT REPORT TO THE MEMBERS
OF ANSETT HOLDINGS LIMITED**

Scope

We have audited the financial report of Ansett Holdings Limited for the financial year ended 30 June 2001 as set out on pages 7 to 45. The financial report includes the consolidated financial statements of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year. The Company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards issued in Australia and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

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

Audit Opinion

In our opinion, the financial report of Ansett Holdings Limited is in accordance with:

- (a) the Corporations Law, including:
 - i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2001 and of their performance for the year ended on that date; and
 - ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

DELOITTE TOUCHE TOHMATSU

2001

Partner

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

DIRECTORS' DECLARATION

In the opinion of the directors of Ansett Holdings Limited:

1. (a) the financial statements and notes, set out on pages 8 to 45, are in accordance with the Corporations Law, including:
 - (i) giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2001 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. There are reasonable grounds to believe that the Company and the subsidiaries identified in Note 18, will as a group be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between the Company and those subsidiaries pursuant to ASIC Class Order 98/1418.

Dated at this day of 2001.

Signed in accordance with a resolution of the Directors.

Director

Director

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2001**

	Note	Consolidated		Company	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Revenue					
Revenue from rendering of services		3,169,286	3,230,869	-	-
Other revenue from ordinary activities		17,511	38,618	12,131	-
Expenditure					
Labour		(1,236,302)	(1,160,826)	-	-
Fuel		(369,053)	(263,937)	-	-
Maintenance & overhaul		(304,978)	(244,882)	-	-
Aircraft & traffic servicing		(180,236)	(193,027)	-	-
Passenger services		(173,845)	(148,656)	-	-
Sales & marketing		(423,672)	(388,636)	-	-
Aircraft operating leases		(119,729)	(136,444)	-	-
Depreciation and amortisation		(228,200)	(184,229)	-	-
Borrowing costs		(102,715)	(101,720)	(3,615)	(3,206)
Other expenses from ordinary activities		(660,552)	(338,096)	-	-
Share of net profits of associates accounted for using the equity method		2,571	18,085	-	-
Profit/(loss) from ordinary activities before income tax expense	2	(609,914)	127,119	8,516	(3,206)
Income tax (expense)/benefit relating to ordinary activities	3	236,871	17,317	1,441	604
Profit/(Loss) from ordinary activities after related income tax (expense)/benefit		(373,043)	144,436	9,957	(2,602)
Net profit attributable to outside equity interests		-	-	-	-
Net Profit/(Loss) attributable to Members of the Parent Entity		(373,043)	144,436	9,957	(2,602)
Increase in asset revaluation reserve arising on revaluation of non current assets		-	9,781	-	-
Increase /(decrease) in foreign currency translation reserve arising on translation of financial reports of self-sustaining foreign operations		11,962	(6,831)	-	-
Total Revenue, Expense and Valuation Adjustments attributable to Members of the Parent Entity and recognised directly in Equity		11,962	2,950	-	-
Total Changes in Equity other than those resulting from transactions with Owners as Owners		(361,081)	147,386	9,957	(2,602)

The Statement of Financial Performance is to be read in conjunction with the accompanying notes to the financial statements.

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2001**

		Consolidated		Company	
	Note	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
CURRENT ASSETS					
Cash		21,280	159,212	-	-
Receivables	5	556,704	547,639	993	-
Inventories	6	176,568	130,442	-	-
Other	10	19,169	63,415	-	-
Total Current Assets		773,721	900,708	993	-
NON CURRENT ASSETS					
Receivables	5	128,106	6,291	5,031	-
Investments	7	14,057	14,314	597,789	597,789
Property, plant and equipment	8	2,405,470	2,429,335	-	-
Intangibles	9	19,430	1,155	-	-
Deferred tax assets	3	76,821	31,322	2,046	1,154
Other	10	24,372	142,567	-	-
Total Non Current Assets		2,668,256	2,624,984	604,866	598,943
TOTAL ASSETS		3,441,977	3,525,692	605,859	598,943
CURRENT LIABILITIES					
Payables	11	883,036	791,052	-	-
Interest bearing liabilities	12	414,696	438,792	-	3,039
Current tax liabilities		27,192	(17,325)	-	-
Provisions	14	184,501	160,560	-	-
Other	16	2,467	364	-	-
Total Current Liabilities		1,511,892	1,373,443	-	3,039
NON CURRENT LIABILITIES					
Payables	11	186,594	120,922	-	-
Interest bearing liabilities	12	1,102,361	777,083	50,350	50,350
Deferred tax liabilities	15	75,756	294,037	-	-
Provisions	14	56,864	114,435	-	-
Other	16	8,842	119	-	-
Total Non Current Liabilities		1,430,417	1,396,596	50,350	50,350
TOTAL LIABILITIES		2,942,309	2,680,039	50,350	53,389
NET ASSETS		499,668	845,653	555,509	545,554
EQUITY					
Contributed equity	17	625,817	625,817	625,817	625,817
Reserves	18	102,947	93,390	-	-
Retained profits/(accumulated losses)	4	(230,493)	125,049	(70,308)	(80,263)
Equity attributable to Members of Ansett Holdings Limited		498,271	844,256	555,509	545,554
Outside equity interests in controlled entities	22	1,397	1,397	-	-
TOTAL EQUITY		499,668	845,653	555,509	545,554

The Statement of Financial Position is to be read in conjunction with the accompanying notes to the financial statements.

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2001**

	Consolidated		Company	
	2001	2000	2001	2000
Note	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts in the course of operations	3,236,644	3,211,867	-	-
Cash payments in the course of operations	(3,312,618)	(2,992,348)	-	-
Income taxes refund (paid)	12,270	(55,792)	-	-
Net cash provided by operating activities	28 (63,704)	163,727	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends received	20,072	8,070	-	-
Interest received	18,133	39,096	-	-
Payments for property, plant and equipment	(228,166)	(369,296)	-	-
Net proceeds on the disposal of controlled entities	-	1,125	-	-
Loans to associated companies	(25,215)	(3,941)	-	-
Loans from associated companies	-	4,439	-	-
Acquisition of controlled entity less cash acquired	(28,251)	-	-	-
Proceeds from sale of non-current assets	145,677	154,220	-	-
Net cash (used in)/provided by investing activities	(97,750)	(166,287)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Borrowing costs paid	(112,008)	(94,081)	(3,614)	(3,206)
Proceeds from borrowings - external	341,797	177,886	3,206	2,964
- parent entity	189,166	-	-	-
Repayment of borrowings	(300,062)	(271,758)	-	-
Lease drawdowns	13,681	-	-	-
Lease payments	(111,061)	(147,698)	-	-
Net cash used in financing activities	21,513	(335,651)	-	-
NET INCREASE (DECREASE) IN CASH HELD	(139,941)	(338,211)	-	-
Cash at the beginning of the financial year	159,193	497,404	-	-
CASH AT THE END OF THE FINANCIAL YEAR	28 19,252	159,193	-	-

The statements of cashflows are to be read in conjunction with the accompanying notes to the financial statements.

ANSETT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

1. STATEMENT OF ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Law, applicable Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on the basis of historical cost and, except where stated, does not take into account changing money values or current valuations of non current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Significant Accounting Policies

The accounting policies have been consistently applied by each entity in the consolidated entity to ensure that the resulting financial information satisfies the concepts of relevance and reliability. Except where there is a change in accounting policy noted, the policies are consistent with those of the previous year.

The consolidated entity has adopted the presentation and disclosure requirements of Accounting Standards AASB 1018 "Statement of Financial Performance", AASB 1034 "Financial Report Presentation and Disclosure" and AASB 1040 "Statement of Financial Position", for the first time in the preparation of this financial report. In accordance with the requirements of these new/revised Standards, comparative amounts have been reclassified in order to comply with the new presentation format.

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

The significant policies, which have been adopted in the preparation of this financial report, are as follows:

Principles of Consolidation

The consolidated financial statements of the consolidated entity include the financial statements of the Company, being the parent entity, and its controlled entities as defined in Accounting Standard AASB 1024 "Consolidated Accounts". A list of controlled entities is set out in Note 27 to the financial statements.

Where an entity either began or ceased to be controlled during the year, its results are included only from the date control by the parent entity commenced or up to the date control ceased.

All balances and transactions between controlled entities, and unrealised profits arising within the consolidated entity, have been eliminated in the consolidated financial statements.

Outside interests in the equity and results of the entities that are controlled by the Company are shown as a separate item in the consolidated financial statements.

Receivables

Trade Debtors

Trade debtors are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.

Lease Receivables

Where the Company acts as a lessor in a finance lease arrangement, the investment in the lease comprises the present value of the minimum lease payments plus the present value of any unguaranteed residual value expected to accrue to the benefit of the entity at the end of the lease term. The investment in the lease is recognised as a receivable at the beginning of the lease term. Minimum lease payments received over the term of the lease are allocated between reduction in the investment and recognition of finance revenue.

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Inventories

Inventories and work in progress are valued at the lower of cost and net realisable value. Cost is based on the weighted average cost principle. Other stocks and stores are valued at cost and provision is made for any diminution in value.

Deferred Expenditure

Material items of expenditure are deferred to the extent that management considers that it is probable that future economic benefits embodied in the expenditure will eventuate and can be measured reliably. Deferred expenditure is amortised over the period, not exceeding five years, in which the related benefits are expected to be realised.

Non Current Assets

The carrying amounts of all non current assets are reviewed to determine whether they are in excess of their recoverable amount at balance date. The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows arising from its continued use and subsequent disposal. Where the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount.

In assessing recoverable amounts of non current assets, the relevant cash flows have not been discounted to their present value, except where specifically stated.

Certain non current assets have been revalued. With the exception of land and buildings such revaluations occur from time to time and are not made in accordance with a policy of regular revaluation.

Investments

Controlled Entities

Investments in controlled entities comprise shares held in those controlled entities. Shares held are shown in the Company's financial statements at cost or valuation adjusted for any provision for diminution. Dividends from controlled entities are accounted for on a dividend received basis in the Company's financial statements.

Associated Companies

An associate is an entity, other than a partnership, over which the consolidated entity exercises significant influence.

In the Company's financial statements, investments in associates are carried at the lower of cost and recoverable amount. Income from interim dividends is brought to account in the statement of financial performance as dividends are received. Income from final dividends is recognised as revenue at the time the dividends have been declared by the associate in general meeting.

In the consolidated financial statements, investments in associates are accounted for using equity accounting principles. Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. The consolidated entity's share of each associate's net profit or loss after tax is recognised in the consolidated statement of financial performance, after adjustment for revisions in the depreciation of depreciable assets, amortisation of goodwill arising from notional adjustments made as at the date of acquisition, dissimilar accounting policies, and the elimination of unrealised profits and losses on transactions between the associate and entities in the consolidated entity. Other movements in associates reserves are recognised directly in consolidated reserves.

Where the equity method of accounting for investments in associates reduces the carrying value of an investment below zero, a provision for the associate's losses is raised where the Company is otherwise liable for these losses.

Other Companies

Other investments are recorded at cost unless otherwise noted. If required, provision for diminution in the value of investments is created to account for any reduction in valuation. Dividends are brought to account as received.

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Property, Plant and Equipment

Acquisition

Items of property, plant and equipment are initially recorded at cost and depreciated as outlined below.

Revaluations

Certain fixed assets shown in the consolidated financial statements have been revalued at various times as indicated. (Refer Note 8).

A liability for capital gains tax is only provided when it is known that the asset will eventually be sold and that the liability for such tax will crystallise.

Disposal of Revalued Assets

The gain or loss on disposal of revalued assets is calculated as the difference between the carrying amount of the assets at the time of disposal and the proceeds on disposal and is included in the result for the year of disposal. Any related revaluation increment or decrement relating to the disposed assets standing in the asset revaluation reserve at the time of disposal is transferred to retained profits.

Depreciation

Items of property, plant and equipment, including freehold buildings and leasehold property but excluding freehold land, are depreciated so as to write off the net cost or other revalued amount of each asset over its expected useful life, generally using the straight line method of depreciation.

The depreciation rates used for each class of assets are as follows:	<u>2001</u>	<u>2000</u>
Freehold buildings	2.5%	2.5%
Leasehold buildings	5.5%	5.5%
Aircraft, engines and spares (owned and leased)	4.0-6.0%	4.0-6.0%
Plant and equipment (owned and leased)	15.0%	15.0%

Depreciation rates are reviewed annually and if necessary, adjusted so that they will reflect the most recent assessments of the useful lives of the respective assets.

Leased Plant and Equipment

Leases of plant and equipment under which the consolidated entity assumes substantially all of the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases are capitalised. A lease asset and liability equal to the present value of the minimum lease payments, excluding executory costs, are recorded at the inception of the lease. Lease payments are allocated between reduction of the principal component of the lease liability and the interest expense charged to the statement of financial performance. Capitalised lease assets are amortised on a straight line basis over the term of the relevant lease, or where it is likely that the consolidated entity will obtain ownership of the asset, the life of the asset. Minimum lease payments made under operating leases are charged against profits in equal instalments over the accounting periods covered by the lease term.

For certain finance leases, controlled entities have provided loans to the lessor and these loans to lessors are set-off against lease liabilities. The interest income is also set-off against the interest paid on capitalised finance leases.

Surplus Leased Aircraft

Provision is made for surplus leased aircraft when it is determined that no substantive future benefit will be obtained by the consolidated entity from its use. This arises when aircraft are currently leased under non-cancellable operating leases

and the entity does not use the aircraft and does not expect to use it in the future.

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

I. STATEMENT OF ACCOUNTING POLICIES (continued)

Payables

Trade Creditors and Accruals

Liabilities are recognised when the consolidated entity becomes obliged to make future payments for goods and services received, whether or not billed to the consolidated entity.

Frequent Flyer Liability

The obligation to provide travel rewards and other benefits to members of Ansett's frequent flyer program is progressively provided for as points are accumulated by members.

The provision is reduced to reflect the value of points redeemed by members and the expiration of unused points.

Interest Bearing Liabilities

Bank overdrafts and loans are carried at the principal amounts outstanding. Interest expense is charged on an accrual basis.

Ancillary costs incurred in connection with the arrangement of borrowings are deferred and amortised over the period of the borrowing.

Loans from related parties are carried at the principal amounts. Interest is recognised as an expense on an accrual basis.

Employee Entitlements

Wages Salaries and Annual Leave

Provisions for employee entitlements to wages, salaries and annual leave represent the amount which the consolidated entity has a present obligation to pay resulting from employees' services provided up to the balance date. The provisions have been calculated at nominal values based on current wage and salary rates and include related on-costs.

Long Service Leave

The liability for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by each employer entity resulting from employees' services provided up to the balance date.

The measurement of long service leave entitlements which are not expected to be settled within twelve months have been based on a calculation of the present value of the estimated future cash outflows. In determining this liability, consideration has been given to future increases in wage and salary rates, staff departure expectations and applicable discount rates which most closely match the terms of maturity of the related liabilities. Related on-costs have also been included in the liability.

Superannuation Plans

The consolidated entity contributes to various superannuation plans, including employer sponsored superannuation plans in accordance with the requirements of trust deeds governing the respective superannuation plans. Contributions are charged against income as they are made.

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Income Tax

The consolidated entity adopts the liability method of tax effect accounting.

Income tax expense or benefit is calculated on operating profit or loss adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the balance sheet at current tax rates as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to entities with tax losses are only brought to account when their realisation is virtually certain. The tax effect of capital losses is not recorded unless realisation is virtually certain.

Revenue Recognition

Sales Revenue

Passenger and freight sales are not recognised as revenue until the transportation service is rendered. At the time of sale a current liability for unearned revenue is established. Subsequently this is eliminated either through carriage by controlled entities, through billing from another carrier who renders the service, or by refund to the customer.

Interest Income

Interest income is recognised in the period in which it accrues

Asset Sales

The gross proceeds of asset sales are included as revenue of the consolidated entity. The profit or loss on disposal of assets is brought to account at the date an unconditional contract of sale is signed.

Foreign Currency

Translation of Controlled Foreign Entities

The statements of financial position of overseas controlled entities that are self sustaining foreign operations are translated using the rates of exchange ruling at balance date. Statements of financial performance are translated at a weighted average rate for the year.

Exchange differences arising on translation are taken directly to the foreign currency translation reserve.

Transactions

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling on the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statement of financial performance in the financial year in which the exchange rates change.

Derivatives

The consolidated entity is exposed to changes in interest rates, foreign exchange rates and commodity prices from its activities. It is group policy to use derivative financial instruments to hedge these risks. Further details of derivative financial instruments are disclosed in note 20 to the financial statements. It is group policy not to enter into, hold or issue derivative financial instruments for speculative purposes.

ANSETT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Foreign Currency Hedges

Where hedge transactions are designed to hedge the purchase or sale of goods and services, any unrealised exchange gains and losses on the contracts, together with any costs or gains arising at the time of entering into the hedge are deferred until maturity of the hedge transaction and included in the measurement of the underlying sale or purchase transaction. Any exchange differences on the hedge transaction after that date are included in the statement of financial performance.

In prior years, this policy was applied to amounts receivable on sale of aircraft at the end of their useful life to the economic entity. The residual values of aircraft, denominated in United States Dollars, were considered to be effectively hedged by unhedged United States Dollar loan obligations. In applying that policy the controlled entities sought independent advice of the anticipated amount to be received on sale of aircraft and designated specific borrowings as hedge instruments.

Where a hedge transaction is terminated early and the anticipated transaction is still expected to occur, the deferred gains and losses that arose on the foreign currency hedge prior to its termination continue to be deferred and are included in the measurement of the purchase or sale when it occurs. Where a hedge transaction is terminated early because the anticipated transaction is no longer expected to occur, deferred gains and losses that arose on the foreign currency hedge prior to its termination are included in the statement of financial performance for the period.

Hedges outstanding at balance date are translated at the rates of exchange ruling on that date and any exchange differences are brought to account in the statement of financial performance. Costs or gains arising at the time of entering into the hedge are deferred and amortised over the life of the hedge. All contracts that are hedging principal repayments of borrowings are treated as non specific hedges.

Interest Rate Swaps

Interest payments and receipts under interest rate swap contracts are recognised on an accruals basis in the statement of financial performance as an adjustment to interest expense during the period.

Commodity Price Swap Contracts

Commodity price swap contracts are used to hedge anticipated purchase commitments. Any unrealised gains and losses on these contracts, together with the costs of the contracts, are deferred until maturity of the contract.

Borrowing Costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges. Borrowing costs are recognised as expenses in the period incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised are those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

	Consolidated		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
2. PROFIT/(LOSS) FROM ORDINARY ACTIVITIES				
Profit/(loss) from ordinary activities before income tax includes the following items of revenue and expense:				
(a) Operating revenue:				
Rendering of services	3,169,286	3,230,869	-	-
Interest revenue:				
associate entities	5,658	5,524	-	-
other parties	11,852	33,094	-	-
Net foreign exchange gain	-	12,248	-	-
Equity share of associates' profits	2,571	18,085	-	-
	<u>3,189,367</u>	<u>3,299,820</u>	-	-
(b) Non operating revenue:				
Proceeds from sale of non current assets:				
Investments	155,345	155,345	-	-
Property, plant and equipment	155,345	155,345	-	-
	<u>3,437,080</u>	<u>3,511,269</u>	-	-
(c) Operating expenses:				
Depreciation/amortisation of:				
buildings	17,459	16,843	-	-
aircraft, engines and spares	132,173	96,676	-	-
plant and equipment	50,516	28,116	-	-
leased assets capitalised	25,786	41,208	-	-
intangibles	1,346	-	-	-
deferred expenditure	473	1,386	-	-
Total depreciation and amortisation	<u>228,200</u>	<u>184,229</u>	-	-
Amounts set aside to/(released from) provisions for:				
employee entitlements	13,761	13,761	-	-
stock obsolescence	320	320	-	-
doubtful trade debts	184	184	-	-
other	(36,795)	(36,795)	-	-
Bad debts written off	4,207	4,207	-	-
Operating lease rental expense	199,531	161,414	-	-
Net foreign exchange loss	277,987	-	-	-
Borrowing costs:				
related parties	14,050	13,378	3,614	3,206
other parties	86,238	86,398	-	-
capitalised leases	2,427	8,432	-	-
Less borrowing costs capitalised:				
other parties	-	-	-	-
Borrowing costs expensed	<u>102,715</u>	<u>101,720</u>	<u>3,614</u>	<u>3,206</u>
Remuneration of Auditors				
(a) Auditor of the parent entity				
Auditing the financial report	696	696	-	-
Other services	5,924	5,924	-	-
(b) Other auditors				
Auditing the financial report	6	6	-	-

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

	Consolidated		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
2. OPERATING PROFIT/(LOSS) (continued)				
Net gain on sale of non-current assets	7,057	7,057	-	-
(d) Individually significant items included in profit/(loss) from ordinary activities before income tax expense				
Net profit on disposal of controlled entities and non-current assets	50,139	50,139	-	-
Regional Network expansion costs	(13,631)	(10,169)	-	-
Goods and Services Tax implementation costs	(3,022)	(9,584)	-	-
Restructuring costs	(67,392)	-	-	-
Olympic Games promotional costs	(36,617)	(4,489)	-	-
Loss of lease rental income and costs arising from associated entity's pilots' dispute in New Zealand	-	(24,146)	-	-
Change in accounting for foreign exchange movements on aircraft residuals	(220,168)	-	-	-
(e) Revisions of Accounting Estimates				

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

Consolidated
Company

	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
4. TAXATION				
(a) Income Tax (Expense)/Benefit				
Prima facie income tax (expense)/benefit calculated at 34% (2000: 36%) on operating profit/(loss)	207,371	(45,763)	(2,895)	1,154
Adjusted by the tax effect of:				
Share of associates' net profit	874	6,510	-	-
Non assessable profit on disposal of controlled entities and non current assets	17,966	17,966	-	-
Capital losses transferred from controlled entity	-	-	4,124	-
Other	3,413	3,413	-	-
Income tax (expense)/benefit on operating profit/(loss)	(17,874)	(17,874)	1,229	1,154

Income tax (under)/over provided in prior years	(8,661)	(8,661)	549	(550)
Tax credit arising from rate change effect on timing differences		43,852	(337)	-
Income tax (expense)/benefit attributable to operating profit/(loss)	<u>236,871</u>	<u>17,317</u>	<u>1,441</u>	<u>604</u>

(b) Deferred Tax Assets

Future income tax benefit comprises the estimated future benefit, at applicable income tax rates, of the following items:

Timing differences	41,126	15,393	-	-
Tax losses	<u>35,695</u>	<u>15,929</u>	<u>2,046</u>	<u>1,154</u>
	<u>76,821</u>	<u>31,322</u>	<u>2,046</u>	<u>1,154</u>

Future income tax benefit has been offset against the provision for deferred income tax to the extent that timing differences giving rise to the provision will reverse within the reporting period during which the benefits from tax losses and other timing differences are available for deduction within the respective controlled entity. Timing differences recorded as future income tax benefits which have been offset against the provision for deferred income tax amount to \$210,542,000, the Company \$Nil (2000: \$151,135,000, the Company \$Nil)

(c) Deferred Tax Assets Not Taken to Account

The potential future income tax benefit in controlled entities arising from tax losses (excluding capital losses) and timing differences which has not been recognised as an asset because recovery is not virtually certain follows:

Tax losses	29,967	21,164	-	-
Timing differences	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>29,967</u>	<u>21,164</u>	<u>-</u>	<u>-</u>

The potential future income tax benefit will only be obtained if:

- the relevant company derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised, or the benefit can be utilised by another company in the consolidated entity in accordance with Section 170 of the Income Tax Assessment Act 1997 or relevant jurisdiction;
- the relevant company and/or the consolidated entity continues to comply with the conditions for deductibility imposed by the law; and
- no changes in tax legislation adversely affect the relevant company and/or the consolidated entity in realising the benefit.

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

	Consolidated		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
5. RECEIVABLES				
Current				
Trade debtors	453,188	439,923	-	-
Less provision for doubtful debts	(11,372)	(5,993)	-	-
	441,816	433,930	-	-
Sundry debtors and loans to other persons	104,354	79,878	993	-
Amount owing by associate	693	8,767	-	-
Amount owing by parent entity	6,206	-	-	-
Lease receivables	3,635	25,064	-	-
	<u>556,704</u>	<u>547,639</u>	<u>993</u>	-
Non current				
Sundry debtors and loans to other persons	83	6,291	-	-
Amount owing by related party	-	-	5,031	-
Amount owing by associate	128,023	-	-	-
	<u>128,106</u>	<u>6,291</u>	<u>5,031</u>	-

Lease receivables have maturity dates within twelve months. Interest rates on lease receivables vary between 7% and 13.5%. Income has been brought to account on a yield to maturity basis.

6. INVENTORIES

Raw materials and stores – at cost	38,395	14,092	-	-
Less provision for stock obsolescence	-	(1,868)	-	-
	<u>38,395</u>	<u>12,224</u>	-	-
Finished goods – at cost	28,655	17,044	-	-
Less provision for stock obsolescence	(1,783)	(932)	-	-
	<u>26,872</u>	<u>16,112</u>	-	-
General stores	84,254	100,073	-	-
Work in progress – at cost	15,815	2,033	-	-
Assets held for resale	11,232	-	-	-
	<u>176,568</u>	<u>130,442</u>	-	-

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

7. INVESTMENTS

Investment in Controlled Entities:

	Consolidated		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Shares - at cost	-	-	672,789	672,789
Less amount written off	-	-	(75,000)	(75,000)
	-	-	597,789	597,789

Investments in Associates
accounted for using the equity method:

Unlisted shares - at cost	30,679	22,802	-	-
Less provision for diminution in value	-	-	-	-
	30,679	22,802	-	-

Unlisted associated companies' reserves

	(20,981)	(12,848)	-	-
	9,698	9,954	-	-

Other Financial Assets:

Shares in other corporations - at cost	4,359	4,360	-	-
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Total Investments	14,057	14,314	597,789	597,789
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Movement in carrying value of investment in
associates

Equity accounted investment at beginning of year	9,954	4,151
Carrying value of associate disposed of during the year	-	(1,953)
Controlled entity's share of post acquisition losses of associate disposed of during the year	-	1,294
Share of associates net results from operating activities	2,571	18,085
Prior year adjustment to carrying value	7,499	802
Write back of negative reserve on suspension of equity method in respect of associate	9,746	-
Dividends received	(20,072)	(12,425)
Equity accounted investment at end of year	9,698	9,954

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

8 PROPERTY, PLANT AND EQUIPMENT

	Freehold Land and Buildings	Leasehold Land and Buildings	Aircraft, engines and spares	Consolidated Aircraft, engines and spares under lease	Plant and equipment	Plant and equipment under lease	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross Carrying Amount							
Balance at June 2000	74,780	365,330	2,523,344	565,465	616,908	48,416	4,194,243
Adjustment to opening balance	(3,244)	6,121	(85,137)	6,910	(2,924)		(78,274)
Additions	3,382	11,672	170,386		62,324	1,986	249,750
Progress payments			15,988				15,988
Acquisition of controlled entity	389	299	9,748	7,169	810	263	18,678
Disposals	(260)	10	(157,198)		(6,272)		(163,720)
Net foreign currency exchange differences arising on translation of financial statements of self sustaining foreign operations		113			462		575
Reallocation transfers	1,147	(38,056)	322,716	(356,856)	26,697	(60)	(44,412)
	<u>76,194</u>	<u>345,489</u>	<u>2,799,847</u>	<u>222,688</u>	<u>698,005</u>	<u>50,605</u>	<u>4,192,828</u>
Accumulated Depreciation							
Balance at June 2000		(99)	(916,440)	(302,911)	(429,325)	(26,157)	(1,674,932)
Adjustment to opening balance		(2,588)	6,164	3,082	(5,147)		1,511
Depreciation expense	(1,429)	(16,030)	(132,173)	(20,952)	(50,963)	(4,834)	(226,381)
Disposals	3	(119)	61,775		5,835		67,494
Net foreign currency exchange differences arising on translation of financial statements of self sustaining foreign operations		(24)			(327)		(351)
Reallocation transfers		(717)	(166,320)	211,334	948	56	45,301
	<u>(1,426)</u>	<u>(19,577)</u>	<u>(1,146,994)</u>	<u>(109,447)</u>	<u>(478,979)</u>	<u>(30,935)</u>	<u>(1,787,358)</u>
Net Book Value							
As at 30 June 2001	<u>74,768</u>	<u>325,912</u>	<u>1,652,853</u>	<u>113,241</u>	<u>219,026</u>	<u>19,670</u>	<u>2,405,470</u>
As at 30 June 2000	<u>74,780</u>	<u>365,231</u>	<u>1,606,904</u>	<u>262,554</u>	<u>187,583</u>	<u>22,259</u>	<u>2,519,311</u>

Current Value of Land and Buildings

A valuation of land and buildings was carried out in June 2000 on the basis of independent assessments of the fair market value of the properties concerned in their existing use, or in the case of the Sydney Terminal building, on the basis of replacement cost. The directors of the Company are of the opinion that this valuation provides a reasonable estimate of recoverable amount as at 30 June 2001.

Depreciation

Aggregate depreciation allocated during the year is recognised as an expense and disclosed in Note 2 to the financial statements.

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

	Consolidated		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
8. PROPERTY, PLANT AND EQUIPMENT (continued)				
Plant and equipment				
at cost	668,673	616,908	-	-
less accumulated depreciation	(480,991)	(429,325)	-	-
	<u>187,682</u>	<u>187,583</u>	-	-
Plant and equipment under lease				
at cost	50,669	48,416	-	-
less accumulated amortisation	(30,999)	(26,157)	-	-
	<u>19,670</u>	<u>22,259</u>	-	-
Total plant and equipment	<u>2,079,300</u>	<u>2,079,300</u>	-	-
Total property, plant and equipment	<u>2,405,470</u>	<u>2,519,311</u>	-	-

The valuation of land and buildings was carried out as at 30 June 2000 and was on the basis of independent assessments of the fair market value of the properties concerned in their existing use, or, in the case of the Sydney Terminal building, on the basis of replacement cost. The directors of the Company are of the opinion that this valuation provides a reasonable estimate of recoverable amount as at 30 June 2001.

The independent valuation of the land and buildings portfolio was carried out as at 30 June 2000 by CB Richard Ellis (V) Pty Limited, Certified Practising Valuers. This valuation was obtained in accordance with the entity's policy of obtaining an independent valuation of land and buildings every three years.

Aggregate depreciation allocated during the year is recognised as an expense and disclosed in note 2 to the financial statements.

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

	Consolidated		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
9. INTANGIBLES				
Goodwill arising on acquisition of controlled entities	19,986	135	-	-
Accumulated amortisation	(2,727)	-	-	-
	<u>17,259</u>	<u>135</u>	-	-
Other	5,737	2,066	-	-
Accumulated amortisation	(3,566)	(1,046)	-	-
	<u>2,171</u>	<u>1,020</u>	-	-
	<u>19,430</u>	<u>1,155</u>	-	-

Aggregate amortisation allocated during the year is recognised as an expense and disclosed in note 2 to the financial statements.

10. OTHER ASSETS

Current				
Deferred expenditure	3,611	893	-	-
Net hedging contracts receivable	29	19,795	-	-
Prepayments	13,683	37,219	-	-
Other	1,846	5,508	-	-
	<u>19,169</u>	<u>63,415</u>	-	-
Non current				
Deferred expenditure	829	570	-	-
Unrealised foreign exchange gain on aircraft residual values	-	141,937	-	-
Other	23,543	60	-	-
	<u>24,372</u>	<u>142,567</u>	-	-

11. PAYABLES

Current				
Trade creditors and accruals	593,195	383,828	-	-
Unearned revenue	289,650	407,224	-	-
Amounts owing to parent entity	191	-	-	-
	<u>883,036</u>	<u>791,052</u>	-	-
Non current				
Trade creditors and accruals	92,553	120,922	-	-
Amounts owing to associates	94,041	-	-	-
	<u>186,594</u>	<u>120,922</u>	-	-

Trade creditor terms are primarily between 7 and 30 days. In general, no cost is incurred for the late payment of accounts.

ANSETT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

Consolidated		Company	
2001	2000	2001	2000
\$'000	\$'000	\$'000	\$'000

12. INTEREST BEARING LIABILITIES

Current				
Bank overdrafts	2,028	19	-	-
Bank loans - unsecured	-	22,171	-	-
Bank loans - fully secured	157,026	255,185	-	-
Lease liabilities	67,068	161,269	-	-
Amounts owing to controlled entity	-	-	-	3,039
Amount owing to parent entity	188,574	-	-	-
Other loans	-	148	-	-
	<u>414,696</u>	<u>438,792</u>	-	<u>3,039</u>
Non current				
Bank loans - unsecured	89,508	-	-	-
Bank loans - fully secured	933,733	691,211	-	-
Lease liabilities	3,528	10,872	-	-
Amounts owing to controlled entity	-	-	50,350	50,350

Amount owing to associate	75,000	75,000	-	-
Amount owing to parent entity	592	-	-	-
	<u>1,102,361</u>	<u>777,083</u>	<u>50,350</u>	<u>50,350</u>

Bank overdrafts are payable at call. Interest is charged on the overdrawn amount on a daily basis based upon the published Corporate Overdraft Reference Rate plus a margin ranging from 0-5%.

Bank loans are generally for periods of up to 12 years with principal and interest repayments occurring quarterly or semi-annually. Interest is charged at a base market rate plus a margin. Margins range from 0.2% to 0.8%. Generally the bank loans are secured over aircraft and aviation related assets of the consolidated entity.

Associate loans are generally repayable on demand. Interest is charged at a base market rate plus a margin. Margins range from 1% to 1.5%.

13. AMOUNTS PAYABLE IN FOREIGN CURRENCIES

The Australian dollar equivalent of unhedged amounts payable in the following currencies calculated at year end exchange rates are as follows:

Amounts Payable

Current:

United States Dollars	151,196	288,558	-	-
Japanese Yen	-	40,011	-	-

Non current:

United States Dollars	913,705	660,753	-	-
Deutsche Marks	-	22,706	-	-

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

	Consolidated		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
14. PROVISIONS				
Current				
Employee entitlements	172,490	126,760	-	-
Other provisions	12,011	33,800	-	-
	<u>184,501</u>	<u>160,560</u>	-	-
Non current				
Employee entitlements	56,327	111,926	-	-
Other provisions	537	2,509	-	-
	<u>56,864</u>	<u>114,435</u>	-	-
15. DEFERRED TAX LIABILITIES				
Deferred income tax	75,756	294,037	-	-
	<u>75,756</u>	<u>294,037</u>	-	-
The provision for deferred income tax has been reduced by future income tax benefits attributable to timing differences by the amount of \$210,542,000 (2000: \$151,135,000).				
16. OTHER LIABILITIES				
Current				
Deferred revenue	2,467	364	-	-
	<u>2,467</u>	<u>364</u>	-	-
Non current				
Deferred revenue	8,842	119	-	-
	<u>8,842</u>	<u>119</u>	-	-
17. CONTRIBUTED EQUITY				
Issued and paid up capital				
87,196,968 fully paid ordinary shares	137,114	137,114	137,114	137,114
524,250 fully paid 5% cumulative preference shares	1,049	1,049	1,049	1,049
394,000 fully paid non cumulative Class A preference shares	382,579	382,579	382,579	382,579
101,500 fully paid non cumulative Class B preference shares	105,075	105,075	105,075	105,075
	<u>625,817</u>	<u>625,817</u>	<u>625,817</u>	<u>625,817</u>

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

	Consolidated		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
18. RESERVES				
Asset revaluation	156,938	151,208	-	-
Associated companies	(20,981)	(12,848)	-	-
Foreign currency translation	(32,362)	(44,969)	-	-
	<u>93,390</u>	<u>93,390</u>	-	-

MOVEMENTS DURING THE YEAR

Share Premium Reserve

Balance at beginning of year	-	-	-	575,701
Included with share capital	-	-	-	(575,701)
Balance at end of year	-	-	-	-

Asset Revaluation Reserve

Balance at beginning of year	151,208	141,882	-	-
Net surplus on revaluation of land and buildings during year	-	9,781	-	-
Revaluation reserve transferred to retained profits	-	(455)	-	-
Balance at end of year	<u>151,024</u>	<u>151,208</u>	-	-

Associated Companies Reserve

Balance at beginning of year	(12,848)	(19,802)	-	-
Associated company operating results transferred from retained profits	2,571	18,085	-	-
Dividend received transferred from accumulated losses	(20,072)	(12,425)	-	-
Associated company reserve transferred to retained profits on disposal	-	1,294	-	-
Balance at end of year	<u>(20,981)</u>	<u>(12,848)</u>	-	-

Foreign Currency Translation Reserve

Balance at beginning of year	(44,969)	(38,132)	-	-
Realisation of foreign currency movements on disposal of controlled entities transferred to accumulated losses	-	(6)	-	-
Translation adjustment on controlled foreign entities' financial statements	11,962	(6,831)	-	-
Balance at end of year	<u>(32,362)</u>	<u>(44,969)</u>	-	-

19. RETAINED PROFITS

Retained profits at beginning of the financial year	125,049	(13,727)	(80,263)	(79,319)
Net profit (loss) attributable to members of the parent entity	(373,043)	144,436	9,957	(944)
Net transfers to and from reserves	17,501	(8,499)	-	-
Retained profits/(accumulated losses) at end of financial year	<u>(230,493)</u>	<u>125,049</u>	<u>(81,504)</u>	<u>(80,263)</u>

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

Consolidated		Company	
2001	2000	2001	2000
\$'000	\$'000	\$'000	\$'000

19. CONTRACTUAL COMMITMENTS

Capital Expenditure Commitments

Contracted but not provided and payable:

Not later than one year	13,946	163,949	-	-
Later than one year but not later than two years	-	16,711	-	-
Later than two years but not later than five years	-	47,176	-	-
Later than five years	-	40,954	-	-
	<u>13,946</u>	<u>268,790</u>	-	-

Operating Lease Commitments

Future operating lease rentals not provided for in the financial statements and payable:

Not later than one year	202,658	106,379	-	-
Later than one year but not later than five years	547,880	295,812	-	-
Later than five years	750,817	737,909	-	-
	<u>1,501,355</u>	<u>1,140,100</u>	-	-

Operating lease commitments relating to aircraft amount to \$464,819,000 (2000: \$138,357,000). The consolidated entity leases aircraft, property and plant under operating leases expiring from one to twelve years. Leases generally provide the consolidated entity with a right of renewal at which time all terms are renegotiated. Lease payments comprise a base amount plus an incremental contingent rental based on either movements in the Consumer Price Index or operating criteria.

Finance Lease Commitments

Finance lease rentals are payable as follows:

Not later than one year	71,402	176,214	-	-
Later than one year but not later than five years	18,103	162,775	-	-
Later than five years	-	-	-	-
	<u>89,504</u>	<u>338,989</u>	-	-
Less future finance charges	(4,889)	(6,230)	-	-
	<u>84,615</u>	<u>332,759</u>	-	-
Less secured loans to lessors	(14,020)	(160,618)	-	-
	<u>70,595</u>	<u>172,141</u>	-	-
Lease liabilities provided in the financial statements:				
Current	67,068	161,269	-	-
Non current	3,527	10,872	-	-
	<u>70,595</u>	<u>172,141</u>	-	-

The financing of some of the leased assets above include secured loans by controlled entities to the lessor and these loans have been set-off against lease liabilities. Interest of \$7,558,000 (2000: \$7,558,000) under these loans has been set-off against interest paid on capitalised finance leases.

The consolidated entity leases aircraft and plant and equipment under finance leases expiring from one to four years. At the end of the lease term the consolidated entity has the option to purchase the assets at a price deemed to be a bargain purchase option. Some leases involve lease payments comprising a base amount plus an incremental contingent rental based on the Consumer Price Index.

The consolidated entity has entered into a defeasance of debt arrangement whereby a third party has assumed the primary obligation for the principal amounts outstanding on certain finance leases. The amount defeased at balance date at current exchange rates is \$17,497,000 (2000: \$17,497,000). The third party primary obligations mature over the financial years to 2002.

ANSETT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

19. CONTRACTUAL COMMITMENTS (continued)

Superannuation commitments

The Company and certain controlled entities contribute to several defined benefit and defined contribution superannuation plans.

Employers are required pursuant to the Trust Deeds and Rules of the respective defined benefit plans to pay contributions to the Trustee(s) in accordance with the Trust Deed provisions. Employer contributions are based on various percentages of gross salaries. The plans provide defined benefits based on years of service and final average salary. All employees are entitled to benefits on retirement, resignation, redundancy, disability or death.

Employer contributions to the accumulation plans are made in accordance with the Trust Deeds and Rules of these plans.

In accordance with the provisions of the trust deeds, controlled entities undertook transactions with the plans comprising the payment of contributions.

In the case of defined benefit superannuation plans, employer contributions are based on the advice of the plan's actuary.

The latest actuarial reviews of the defined benefit plans were performed as at 1 July 2000 by Mr Paul Francis BSc FIAA, Superannuation Actuary of NSP Buck, for the Ground Staff Plan, Management Plan and Flight Engineers Plan and Mr Andrew Boal BSc FIAA, Superannuation Actuary of Watson Wyatt for the FAB Scheme. Since that time employer contributions have been made in accordance with actuarial recommendations designed to ensure that sufficient funds are available to satisfy all benefits that would be vested under the defined benefit plans in the event of termination of the plans or voluntary or compulsory termination of the employment of each employee.

All group superannuation plans have sufficient net assets to satisfy all benefits that have vested under the plans on voluntary or compulsory termination of employment of each employee.

The directors, based on advice of the trustees of the plans, are not aware of any changes in circumstance since the date of the most recent financial statements which would have a material impact on the overall financial position of the plans.

Defined benefit superannuation plans

	Ansett Australia Ground Staff Superannuation Plan \$'000	FAB Scheme \$'000	Other Superannuation Plans \$'000	Consolidated \$'000
Net market value of plan assets - June 2000	598,893	152,354	54,488	805,735
Accrued benefits	525,375	135,471	39,346	700,192
Excess of plan assets over accrued benefits	73,518	16,883	15,142	105,543
Net market value of plan assets - June 2000	598,893	152,354	54,488	805,735
Vested benefits	553,088	151,342	43,191	747,621

- (i) The above measurement of plan assets at net market value and vested benefits has been calculated at 30 June 2000, being the most recent financial statements of the plans.
- (ii) Accrued benefits have been obtained from the most recent actuarial reviews performed as at 1 July 2000 for all defined benefit plans. Net market values of plan assets at that date are shown for measurement.
- (iii) The following superannuation plans have been aggregated under the heading "Other Superannuation Plans":
 - Ansett Australia Pilots/Management Superannuation Plan.
 - Ansett Australia Flight Engineers Superannuation Plan.

Accrued benefits are benefits which the plan is presently obliged to pay at some future date, as a result of membership of the plan. Vested benefits are benefits which are not conditional upon continued membership of the plan or any factor, other than resignation from the plan.

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

Consolidated		Company	
2001	2000	2001	2000
\$'000	\$'000	\$'000	\$'000

20. CONTINGENT LIABILITIES

The details and estimated maximum amounts of contingent liabilities that may become payable are set out below. The directors are not aware of any circumstance or information which would lead them to believe that these liabilities will crystallise.

Unsecured guarantees

Other corporations

1,299,578 2,055,871

Included is an amount of US\$1,077,165,000 (2000: US\$1,077,165,000) relating to the guarantee of other entities' (Ansett Worldwide Aviation Limited and Ansett Worldwide Aviation USA) commitments under long term aircraft leasing arrangements. The amount shown is the maximum liability that the consolidated entity could be called upon to pay. However, the directors consider that this contingent liability is significantly hedged by the underlying value of aircraft under lease. Also included is an amount of \$172,977,000 (2000: \$172,977,000) for operating lease commitments relating to aircraft of certain associates and \$49,436,000 (2000: \$49,436,000) for the guarantee of creditors, other operating lease commitments and bank guarantees of certain associates.

Litigation

The consolidated entity is involved in various claims and litigation arising in the ordinary course of business, none of which is expected to have a significant effect upon its operating results or financial position.

Deed of Cross Guarantee

Pursuant to an ASIC Class Order 98/1418, relief was granted to the separate wholly owned subsidiary groups listed below from the Corporations Law requirements for preparation, audit, and lodgement of financial reports. It is a condition of the Class Order that the respective subsidiaries and their relevant holding company (being Skywest Holdings Pty Limited in respect of Group A companies, Ansett Australia Holdings Limited in respect of Group B companies and Ansett Holdings Limited in respect of Group C companies) enter into a Deed of Cross Guarantee. The effect of the Deeds is that the parties guarantee to each creditor payment in full of any debt in the event of winding up of the relevant holding company or any subsidiary party to the Deed under certain provisions of the Corporations Law. If a winding up occurs under other provisions of the Law, the companies will only be liable in the event that after six months any creditor has not been paid in full.

The subsidiaries entitled to the benefit of the Class Order are:

Group A

Eastwest Airlines Limited
Rock-it-Cargo (Aust) Pty Limited

Group B

Wridgways Holdings Limited
501 Swanston Street Pty Limited

Group C

Bodas Pty Limited
Morael Pty Limited
Skywest Aviation Limited

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

20. CONTINGENT LIABILITIES (continued)

Consolidated statements of financial performance and consolidated statements of financial position, comprising the relevant holding company the respective subsidiaries which are party to the individual Deeds of Cross Guarantee at 30 June 2001, are detailed below. Transactions between companies within each closed group have been eliminated in arriving at the consolidated amounts. Transactions between each group have not been eliminated.

Statements of Financial Performance

Group A
\$'000

Group B
\$'000

Group C
\$'000

Operating profit/(loss) before income tax	-	38,858	8,516
Income tax (expense)/benefit attributable to operating profit	(8)	(2,359)	1,441
Operating profit after income tax	(8)	36,499	9,957
Accumulated losses at the beginning of the financial year	(169,695)	(90,512)	(91,136)
Adjustment to accumulated losses arising from release of entities under Deed of Revocation	-	-	-
Accumulated losses at the end of the financial year	(169,703)	(54,013)	(81,179)

Statement of Financial Position

Cash	-	53,542	-
Receivables	-	172,760	993
Total current assets	-	226,302	993
Receivables	32,773	1,229,066	8,021
Investments	8,694	103,469	644,726
Deferred tax assets	-	12,095	2,047
Total non-current assets	41,467	1,344,630	654,794
Total assets	41,467	1,570,932	655,787
Payables	-	151,985	-
Interest bearing liabilities	-	188,574	-
Provisions	-	-	-
Other	-	-	-
Total current liabilities	-	340,559	-
Payables	-	402,894	22,762
Interest bearing liabilities	62,500	241,703	88,387
Provisions	-	-	-
Total non-current liabilities	62,500	644,597	111,149
Total liabilities	62,500	985,156	111,149
Net assets	(21,035)	585,776	544,638
Share Capital	141,000	639,281	625,817
Reserves	7,668	508	-
Accumulated losses	(169,703)	(54,013)	(81,179)
Total shareholders equity	(21,035)	585,776	544,638

ANSETT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

21. FINANCING ARRANGEMENTS

The consolidated entity has access to the following financing arrangements:

Loans and Lines of Credit

The consolidated entity has access to loans and lines of credit, discounted note and bill acceptance facilities totalling \$1,206,493,000 (1999: \$1,210,959,000). At balance date, the unused portion was \$185,782,000 (1999: \$179,158,000). Generally the bank loans are secured over aircraft and aviation related assets of the consolidated entity.

Bank Overdraft

The consolidated entity has access to bank overdraft facilities to a maximum of \$5,000,000 (2000: \$5,000,000). At balance date, overdraft balances of certain controlled entities totalling \$176,796,000 (2000: \$89,498,000) were offset against in fund balances of other entities under group facility arrangements, leaving a net unused facility of \$2,972,000 (2000: \$4,981,000) at balance date.

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

22. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The consolidated entity enters into interest rate swaps to reduce the effect of volatility in interest rates.

(i) Interest Rate Swaps

USD interest rate swaps allow the consolidated entity to swap floating rate borrowings into fixed rates. Terms of swap contracts are principally between 2 and 10 years.

Each contract involves quarterly or semi-annual payment or receipt of the net amount of interest at fixed and floating rates. At 30 June 2000 the fixed rates varied from 5.60% to 7.43% (1999: 5.60% to 7.43%) and the floating rates were based upon the London Inter Bank Offer Rate. The weighted average effective floating interest rate at 30 June 2000 was 6.75% (1999: 4.22%).

(ii) Interest Rate Risk Exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

2001

Note	Floating Interest Rate 2001 \$'000	Fixed interest maturing in:			Non- Interest Bearing 2001 \$'000	Total 2001 \$'000	Weighted Average Interest Rate 2001 %
		1 year or less 2001 \$'000	Over 1 to 5 years 2001 \$'000	More than 5 years 2001 \$'000			
Financial assets							
Cash	21,280	-	-	-	-	21,280	6.26
Receivables	5 8,767	-	7,109	-	512,990	528,866	-
Finance lease receivables	5 -	3,635	-	-	-	3,635	9.69
		<u>167,979</u>	<u>3,635</u>	<u>7,109</u>	<u>-</u>	<u>512,990</u>	<u>713,142</u>
Financial liabilities							
Accounts payable	10 -	-	-	-	911,974	911,974	-
Bank loans - unsecured	11 -	-	-	-	-	89,508	9.12
Bank loans - fully secured	11 756,144	24,905	165,347	-	-	1,090,759	9.57
Other loans	11 -	-	-	-	-	-	-
Finance lease liabilities	11 -	67,068	3,528	-	-	70,596	8.91
Employee entitlements	13 -	172,490	95,088	16,838	-	238,686	6.17
		<u>756,144</u>	<u>335,105</u>	<u>271,307</u>	<u>911,974</u>	<u>2,291,368</u>	
Interest rate swaps*		<u>(453,710)</u>	<u>165,000</u>	<u>210,038</u>	<u>-</u>	<u>-</u>	<u>6.54</u>

* Notional principal amount

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

22. FINANCIAL INSTRUMENTS (continued)

2000

Floating Interest	Fixed interest maturing in:			Non- Interest	Total	Weighted Average
	1 year or less	Over 1 to 5 years	More than 5 years			

		Rate				Bearing		Interest Rate
Note		2000	2000	2000	2000	2000	2000	2000
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Financial assets								
Cash		159,212	-	-	-	-	159,212	6.26
Receivables	5	8,767	-	7,109	-	512,990	528,866	-
Finance lease receivables	5	-	25,064	-	-	-	25,064	9.69
		<u>167,979</u>	<u>25,064</u>	<u>7,109</u>	<u>-</u>	<u>512,990</u>	<u>713,142</u>	
Financial liabilities								
Accounts payable	10	-	-	-	-	911,974	911,974	-
Bank loans - unsecured	11	-	22,171	-	-	-	22,171	9.12
Bank loans - fully secured	11	756,144	24,905	165,347	-	-	946,396	9.57
Finance lease liabilities	11	-	161,269	10,872	-	-	172,141	8.91
Employee entitlements	13	-	126,760	95,088	16,838	-	238,686	6.17
		<u>756,144</u>	<u>335,105</u>	<u>271,307</u>	<u>16,838</u>	<u>911,974</u>	<u>2,291,368</u>	
Interest rate swaps*		<u>(453,710)</u>	<u>165,000</u>	<u>210,038</u>	<u>78,673</u>	<u>-</u>	<u>-</u>	6.54

* Notional principal amount

(b) Foreign Exchange Risk

The consolidated entity enters into forward exchange contracts to hedge certain anticipated purchase commitments denominated in foreign currencies (principally US dollars). The terms of these commitments are rarely more than two years.

The consolidated entity's policy is to enter into forward foreign exchange contracts to hedge a proportion of foreign currency borrowings (principally US dollars and Japanese Yen), purchases and sales expected in each month within the following two years within Board approved limits. The amount of anticipated future purchases and sales are forecast in light of current conditions in foreign markets, commitments from customers and experience.

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 20001

22. FINANCIAL INSTRUMENTS (continued)

The net unrecognised gain on hedges of anticipated foreign currency purchases and sales at 30 June 2000 was \$11,054,622 (1999 : \$23,194,181 loss). As these contracts are hedging anticipated sales and purchases, any unrealised gains and losses on the contracts, together with the costs of the contracts, are deferred and will be recognised in the financial statements at the time the underlying transaction occurs.

The following table sets out the gross value to be received under foreign currency contracts, the weighted average contracted exchange rates and the settlement periods of outstanding contracts for the consolidated entity:

	2000		2000	
	AUD Amount	Rate	AUD Amount	Rate
	\$'000		\$'000	
Not longer than one year				
Buy US dollars	270,217	0.6291	270,217	0.6291
Sell US dollars	-	-	-	-
Buy German marks	11,710	1.2748	11,710	1.2748
Sell UK pounds	-	-	-	-
Buy Indonesian rupiah	-	-	-	-
Buy Japanese yen	8,344	59.9238	8,344	59.9238
Sell Japanese yen	56,285	63.9607	56,285	63.9607
Buy Dutch guilders	-	-	-	1.3986
Buy Singapore dollars	-	-	-	1.1192
Longer than one year but not longer than two years				
Buy US dollars	20,719	0.5792	20,719	0.5792
Buy Japanese yen	4,350	57.4600	4,350	57.4600
Sell Japanese yen	22,597	57.9710	22,597	57.9710

(c) Commodity Price Risk

The consolidated entity enters into fuel swap and option contracts to reduce the effect of volatility in fuel prices. The terms of these contracts are rarely more than one year. The consolidated entity's policy is to enter into fuel swap and option contracts to hedge a proportion of fuel purchases expected in each month within the following twelve months and within Board approved limits. The amount of anticipated future purchases are forecast in light of current conditions in fuel markets, changes to fuel consumption and experience.

As these contracts are hedging anticipated purchases, any unrealised gains and losses on the contracts, together with the costs of the contracts, will be recognised in the financial statements at the time the underlying transaction occurs.

	2000		2000	
	Barrels	Weighted Average Price (USD)	Barrels	Weighted Average Price (USD)
Not longer than one year				
Fuel Swaps				
Buy Singapore Jet Fuel	1,433,000	27.91	1,433,000	27.91
Average Rate Option				
Buy Singapore Jet Fuel Call	876,900	26.78	876,900	26.78
Buy Singapore Jet fuel Put	715,500	27.89	715,500	27.89
Sell Singapore Jet Fuel Put	447,000	27.00	447,000	27.00

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

22. FINANCIAL INSTRUMENTS (continued)

(d) Credit Risk Exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

On-Balance Sheet Financial Instruments

The credit risk on financial assets, excluding investments, of the consolidated entity which has been recognised on the balance sheet is reflected in the carrying amount net of any provision for doubtful debts.

The consolidated entity minimises concentration of credit risk in relation to trade accounts receivables by undertaking transactions with a large number of customers in various industries. The majority of customers are concentrated in Australia, and the consolidated entity is not materially exposed to any individual customer or industry.

Off-Balance Sheet Financial Instruments

Credit risk in relation to off-balance sheet financial assets is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency. Concentrations of credit risk are minimised by the imposition of Board approved counterparty limits and the use of ratings provided by international ratings agencies. Dealings are strictly limited to highly rated counterparty banks.

Credit risk arises from the potential failure of counterparties, which are principally large banks, to meet their obligations under the contract or arrangement. The credit risk exposure arising from the derivative financial instruments is the sum of all contracts with a positive replacement cost. As at 30 June 2000 the sum of all contracts with a positive replacement cost is \$33,588,485.

(e) Net Fair Values

Net fair values of financial assets and liabilities are determined by the consolidated entity on the following bases:

On-Balance Sheet Financial Instruments

The net fair value of monetary financial assets and financial liabilities not readily traded in organised financial markets is the principal amount of the asset or liability. The carrying amounts of all on-balance sheet financial instruments approximate net fair value.

Off-Balance Sheet Financial Instruments

The valuation of off-balance sheet financial instruments reflects the estimated amounts which the consolidated entity expects to pay or receive to terminate the contracts, or replace the contracts at market rates in existence at reporting date. This is based on independent market quotations and determined using standard valuation techniques.

The net fair value of off-balance sheet financial instruments held as at the reporting date are:

	2000	2000
	Consolidated Net Fair Value	Consolidated Net Fair Value
	\$'000	\$'000
Interest rate swaps	7,206	7,206
Forward exchange contracts	11,054	11,054
Fuel forward contracts	2,329	2,329
Fuel options	12,956	12,956

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

Consolidated		The Company	
2000	1999	2000	1999
\$'000	\$'000	\$'000	\$'000

23. DIRECTORS REMUNERATION

Directors

Total income paid or payable or otherwise made available, to all directors of the Company and controlled entities, from the Company or any related party:

4,628	5,263	1,188	1,004
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The number of directors of the Company whose income from the Company or any related party falls within the following bands:

\$0 - \$9,999	2	2
\$40,000 - \$49,999	-	1
\$50,000 - \$59,999	2	1
\$100,000 - \$109,999	1	1
\$790,000 - \$799,999	-	1
\$980,000 - \$989,999	1	-

Directors' income includes amounts paid by the consolidated entity during the year to indemnify directors and an allocation of insurance premiums paid by the consolidated entity in respect of Directors' and Officers' Liabilities and Legal Expenses insurance contracts, in accordance with common commercial practice.

24. SEGMENT INFORMATION

The consolidated entity operates predominantly within the transport industry in Australasia.

25. OUTSIDE EQUITY INTERESTS

Outside Equity Interest in Controlled Entities comprise:

Interest in share capital	1,397	1,397	-	-
Interest in reserves	-	-	-	-
Interest in retained profits	-	-	-	-
	<u>1,397</u>	<u>1,397</u>	<u>-</u>	<u>-</u>

26. DIVIDENDS

Dividend Franking Account

Balance of franking account adjusted for franking credits which will arise from the payment of income tax provided for in the financial statements:

Class C (at 30%, 2000: 34%) franking credits	<u>171,574</u>	<u>171,574</u>	-	-
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The ability to utilise the franking account credits is dependent upon there being sufficient available profits to declare dividends.

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

27. RELATED PARTY TRANSACTIONS

Directors

Directors holding office during the financial year were:

S.J.Cushing, J.A.Farmer, J.McCrea, R.H.Nazarian, P.R.Burden, R.P.Carter, J.S.Curtis, R.J.Norris, G.J.Terry, S.P.Wareing, W.M.Wilson, C.B.Goode, C.K.Cheong, E.M.Coutts, M.J.N.Tan.

Details of directors' remuneration are set out in Note 21.

Directors Transactions

From time to time directors of the Company or its controlled entities, or their director related entities, may purchase services from the consolidated entity. These purchases are on the same terms and conditions as those entered into by other consolidated entity employees.

Shareholders

The sole shareholder of the Ansett Holdings Limited Group during the financial year, holding all the issued ordinary capital of the Company, was the Air New Zealand Limited Group.

Controlled Entities

Amounts advanced to and by controlled entities are generally repayable after twelve months. Interest is charged at variable rates as agreed between the parties.

Amounts receivable by the Company from controlled entities at balance date are set out in Note 5. The aggregate amounts payable to controlled entities by the Company at balance date are set out in Note 11.

During the year, the consolidated entity acquired for cash consideration of \$25,272,000 a 100% interest in Hazelton Airlines Limited. Details of the net tangible assets acquired are set out in Note 28.

Associates

Refer notes 2, 7, 10 and 26.

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

27. RELATED PARTY TRANSACTIONS (continued)

Other Related Parties

During the year various transactions were conducted on a commercial basis between certain controlled entities including trading, investment and loan transactions.

Trading transactions conducted include: the purchase of transport and communications services; the provision of airline sales/reservation services; aircraft charter hire services; the provision of administrative and accounting services; and the provision of aircraft maintenance services and terminal facilities to other associates.

The purchase of transport and communications services from The News Corporation Limited and Air New Zealand Limited amounted to \$22,484,000 (1999: \$11,690,366). Amounts received from The News Corporation Limited and Air New Zealand Limited in respect of property rental, aircraft operating leases, freight, engineering services and insurance services amounted to \$9,212,000 (1999: \$17,814,890). Amounts received from associates for the provision of services to associates amounted to \$66,726,851 (1999: \$79,087,146). Amounts paid to associates for the provision of services by associates amounted to \$13,062,047 (1999: \$13,879,734).

Loan transactions conducted include the provision of finance to various associates. The interest rates charged and repayment terms vary

according to the agreements between the parties. Interest received on loans to associates is disclosed in Note 2.

Superannuation

During the year, contributions of \$56,075,615 (1999: \$55,436,723) were made by the consolidated entity to the consolidated entity's superannuation plans.

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

28. ASSOCIATED COMPANIES

(a) Carrying value of equity consolidated investment

Name	Principal Activity	Class of Share	Ownership Interest		Investment Carrying Amount	
			2001 %	2000 %	2001 \$'000	2000 \$'000
Ansett International Ltd	International airline operator	ordinary	49	49	28,156	28,156
Whitsunday International Aviation Pty Limited	Airstrip operator	B Class ordinary	50	50	36	36
Travel Industries Automated Systems Pty Limited	Travel agents distribution systems	ordinary	25	25	1,040	1,040
Writedown of investment in associated companies					28,192	29,192
Associated companies reserve					(5,390)	(5,390)
					<u>(20,981)</u>	<u>(12,848)</u>
					<u>9,698</u>	<u>9,954</u>

Dividends received from associates by the consolidated entity amounted to \$20,072,000 (2000 \$12,425,000).

All transactions with associated companies are in the ordinary course of business and on normal terms and conditions.

(b) Performance and Financial Position of Associates

Results of associates

Share of associates' operating profit/(loss) before income tax

Equity Consolidated	
2001	2000
\$'000	\$'000

12,449 26,943

Share of associates' income tax expense attributable to operating profit

(9,878) (8,858)

Share of associates' operating profit/(loss) after income tax

2,571 18,085

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

28. ASSOCIATED COMPANIES

(b) Performance and Financial Position of Associates (continued)

Equity Consolidated	
2001	2000
\$'000	\$'000

Share of assets and liabilities attributable to associates

Current assets	32,585	128,393
Non-current assets	<u>86,388</u>	<u>47,569</u>
Total assets	<u>118,973</u>	<u>175,962</u>
Current liabilities	31,728	139,909
Non-current liabilities	<u>65,257</u>	<u>3,019</u>
Total liabilities	<u>96,985</u>	<u>142,928</u>
Share of associates' net assets	<u>21,988</u>	<u>33,034</u>

Share of post-acquisition retained profits attributable to associates

Share of associates' accumulated losses at the beginning of the financial year	(25,796)	(47,810)
Share of net profit of associates - operating results	2,571	18,085
Transfer ex Reserves	-	12,502
Retained profits attributable to interest in associate sold during year	-	3,852
Dividends from associates	<u>(20,072)</u>	<u>(12,425)</u>
Share of associates' accumulated losses at the end of the financial year	<u>(43,297)</u>	<u>(25,796)</u>

Share of post-acquisition asset revaluation reserve attributable to associates

Share of associates' asset revaluation reserve at the beginning of the financial year	21	21
Share of increment in asset revaluation reserves of associates	-	-
Share of associates' asset revaluation reserve at the end of the financial year	<u>21</u>	<u>21</u>

Commitments**Share of associates' operating lease commitments payable:**

Not later than one year	23,250	20,268
Later than one year but not later than five years	51,717	67,873
Later than five years	-	-
	<u>74,967</u>	<u>88,141</u>

Operating lease commitments relating to aircraft amount to \$73,951,000 (2000: \$63,114,000).

Share of associates' capital expenditure commitments payable:

Not later than one year	-	-
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Contingent liabilities**Share of associates' contingent liabilities:**

Not later than one year	-	-
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ANSETT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

29. ANSETT HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

	Country of incorporation	Interest held in controlled entities	
		2001 %	2000 %
Ansett Holdings Limited	Aust	100	100
Controlled entities:			
Ansett Australia Holdings Limited	Aust	100	100
Controlled entities:			
Airport Terminals Pty Limited	Aust	100	100
Aldong Services Pty Limited	Aust	100	100
Ansett Aircraft Finance Limited	Aust	100	100
Ansett Airlines Australia Limited	UK	100	100
Ansett Australia Limited	Aust	100	100
Controlled entities:			
501 Swanston Street Pty Limited	Aust	100	100
Ansett Carts Pty Limited	Aust	100	100
Ansett Industries (Hong Kong) Limited	HKG	100	100
Ansett Leasing (HK) Limited	HKG	100	100
Ansett Technologies (NZ) Limited	NZ	100	100
Whitsunday Affairs Pty Limited	Aust	100	100
Whitsunday Harbour Pty Limited	Aust	100	100
Ansett Aviation Equipment Pty Limited	Aust	100	100
Ansett Equipment Finance Limited	Aust	100	100
Ansett Equipment Limited	Cayman Is.	100	100
Ansett Finance Limited	Aust	100	100
Ansett International Air Freight Inc.	USA	100	100
Ansett Niugini Enterprises Limited	PNG	100	100
Northern Territory Aerial Work Pty Limited	Aust	100	100
South Centre Maintenance Pty Limited	Aust	100	100
Southern Aviation Leasing Limited	Cook Is.	100	100
SPACA Pty Limited (formerly TNT / Ansett Chinese Joint Venture Company Limited	Aust	100	100
Transpacific Enterprises Inc.	USA	100	100
Controlled entity:			
Showfilm Inc.	USA	100	100
Tranzair (NZ) Limited	NZ	100	100
Traveland International Pty Limited	Aust	100	100
Controlled entities:			
Traveland Pty Limited	Aust	100	100
Controlled entity:			
Traveland New Staff Pty Limited	Aust	100	100
Traveland Discovery Holidays Pty Limited	Aust	75	75
Controlled entities:			
Southern Aviation Leasing Pty Limited	Aust	100	100
Viva! Discovery Holidays Inc.	USA	100	100
Traveland International (Aust) Pty Limited	Aust	100	100
Controlled entity:			
Traveland South Pacific Limited	NZ	100	100
Traveland International (NZ) Limited	NZ	100	100

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

**29. ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES (continued)**

	Country of incorporation	Interest held in controlled entities	
		2001 %	2000 %
Westintech Limited	Aust	100	100
Controlled entities:			
Aeronautical Industries Australia Pty Limited	Aust	100	100
Planar Holdings Pty Limited	Aust	100	100
Westintech Nominees Pty Limited	Aust	100	100
Wridgways Holdings Limited	Aust	100	100
Controlled entities:			
Wridgways (NSW) Pty Limited	Aust	100	100
Wridgways (VIC) Pty Limited	Aust	100	100
Bodas Pty Ltd	Aust	100	100
Controlled entity:			
Acropelican Air Services Pty Limited	Aust	100	100
Austfin Nominees Pty Limited	Aust	100	100
Hazelton Airlines Limited	Aust	100	-
Controlled entities:			
Hazelton Air Charters Pty Limited	Aust	100	-
Hazelton Air Services Pty Limited	Aust	100	-
Kendell Airlines (Aust) Pty Limited	Aust	100	100
Show Group Pty Limited	Aust	100	100
Controlled entities:			
Showfilm (NZ) Limited	NZ	100	100
Showfilm UK Limited	SNG	100	100
Showfreight (NZ) Limited	NZ	100	100
Showfreight Singapore Pte Limited	SNG	100	100
Showsports (NZ) Limited	NZ	100	100
Showtickets (NZ) Limited	NZ	100	100
Showtravel (NZ) Limited	NZ	100	100
Traveland International (UK) Limited	UK	100	100
Controlled entities:			
Ansett Ticket Sales Limited	UK	100	100
Showtravel UK Limited	UK	100	100
Skywest Airlines Pty Limited	Aust	100	100
Controlled entities:			
Skywest Aviation Limited	Aust	100	100
Skywest Jet Charter Pty Limited	Aust	100	100
The Wittenoom Unit Trust	Aust	100	100
Trans West Airlines Pty Limited	Aust	100	100
Westralian Aviation Pty Limited	Aust	100	100
Morael Pty Limited	Aust	100	100
Controlled entity:			
Skywest Holdings Pty Limited	Aust	100	100
Controlled entity:			
Aircraft Leasing Pty Limited	Aust	90	90
Controlled entity:			
Aircraft Leasing Finance Pty Limited	Aust	90	90
Brazson Pty Limited			

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

**29. ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES (continued)**

	Country of incorporation	Interest held in controlled entities	
		2001 %	2000 %
Eastwest Airlines Limited			
Controlled entity:			
Eastwest Airlines (Operations) Limited	Aust	100	100
Northern Airlines Limited	Aust	100	100
Rock-It-Cargo (Aust) Pty Limited	Aust	100	100
Walgali Pty Limited	Aust	100	100

The investment in all controlled entities shown above is in ordinary shares apart from:

- Ansett Industries (Hong Kong) Limited - 205,730 redeemable preference shares of HK\$1 each
- Traveland International Pty Limited - 12,000 non cumulative redeemable preference shares of HK\$1

Business is carried on in the country of incorporation shown. Ansett Australia Limited also carried on business in the United Kingdom and New Zealand.

**ANSETT HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

	Consolidated		Company	
	2001	2000	2001	2000
Note	\$'000	\$'000	\$'000	\$'000

30. NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the Statements of Cash Flows, cash includes cash on hand and at bank, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash	21,280	159,212	-	-
Bank overdraft and letters of credit	11 (2,028)	(19)	-	-
	<u>19,252</u>	<u>159,193</u>	-	-

(b) Reconciliation of Operating Profit After Income Tax to Net Cash Provided by Operating Activities

Operating profit/(loss) after income tax	(373,043)	144,436	9,957	(2,052)
Add/(Less) items classified as investing/financing activities:				
(Profit)/Loss on sale of non current assets	(74,236)	(7,057)	-	-
(Profit)/Loss on sale of investments	1,953	-	-	-
Borrowing costs paid	102,715	94,081	3,315	3,206
Interest received	(17,510)	(39,096)	-	-
Add/(Less) non cash items:				
Amounts set aside to provisions	27,530	27,530	-	-
Depreciation and amortisation	228,200	184,229	-	-
Unrealised foreign exchange (gains)/losses	306,227	(10,546)	-	-
Associated company results	(2,571)	(5,660)	-	-
Abnormal items	()	(96,191)	-	-
Net cash provided by operating activities before change in assets and liabilities	291,726	291,726	13,572	1,154
Change in assets and liabilities, net of effects from acquisition of businesses:				
(Increase)/Decrease in assets	(66,558)	(66,558)	(6,024)	-
Receivables	(11,623)	-	-	-
Inventories	-	-	-	-
Other assets	-	-	-	-
(Decrease)/Increase in liabilities	(61,441)	(61,441)	(3,039)	(1,154)
Trade payables	-	-	-	-
Other liabilities	-	-	-	-
Net cash provided by operating activities	<u>163,727</u>	<u>163,727</u>	-	-

(c) Acquisition and Disposal of Controlled Entities

In April, 2001, the consolidated entity acquired a 100% holding in Hazelton Airlines Limited for a consideration of \$25,272,000. The operating results of this controlled entity have been included in the consolidated statement of financial performance since the date of acquisition.

Details of the acquisition are as follows:

	\$'000
Fair value of identifiable net assets of controlled entity acquired	
Aircraft	16,918
Property, plant and equipment	1,760
Trade debtors	7,915

Inventories	6,724
Other assets	3,815
Bank overdraft	(2,979)
Trade creditors	(10,144)
Lease liabilities	(10,163)
Deferred tax	(1,620)
Provisions and other liabilities	<u>(4,281)</u>
	7,945
Goodwill on consolidation	<u>17,327</u>
Cash consideration	<u>25,272</u>

	Consolidated		Company	
	2001	2000	2001	2000
	\$'000	\$'000	\$'000	\$'000
Outflow of cash to acquire controlled entity, net of cash acquired				
Cash consideration	25,272	-	-	-
Bank overdraft balance acquired	<u>2,979</u>	-	-	-
Outflow of cash	<u>28,251</u>	-	-	-

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ANSETT AUSTRALIA LIMITED
A.C.N. 004 209 410

ANNUAL FINANCIAL REPORT

30 JUNE 2001

INDEX

	Page
Directors' Report	1
Independent Audit Report	3
Directors' Declaration	4
Statement of Financial Performance	5
Statement of Financial Position	6
Statement of Cash Flows	7
Notes to the Financial Statements	8

The Directors of Ansett Australia Limited (the Company) are pleased to present this Annual Financial Report for the year ended 30 June 2001. The Company has achieved a successful year, with a strong performance in all key areas. The Directors have a strong belief in the Company's long-term prospects and are confident that the Company will continue to deliver strong returns to its shareholders.

The Company has a strong track record of delivering strong returns to its shareholders. The Directors have a strong belief in the Company's long-term prospects and are confident that the Company will continue to deliver strong returns to its shareholders. The Company has a strong track record of delivering strong returns to its shareholders.

ANSETT AUSTRALIA LIMITED

DIRECTORS' REPORT

The directors present their report together with the financial statements of Ansett Australia Limited ("the Company") for the year ended 30 June 2001 and the Auditors' report thereon.

DIRECTORS

The directors of the Company at any time during or since the end of the financial year are:

J McCrea (resigned 7 July 2000)
 C A Wallace (resigned 25 August 2000)
 D J Irvine (resigned 21 August 2000)
 A C Paterson (appointed 22 September 2000, resigned 16 February 2001)
 A B Miller (appointed 22 September 2000)
 J A Dell (appointed 22 September 2000, resigned 16 February 2001)
 G K Toomey (appointed 16 February 2001, resigned 24 August 2001)
 J H Blair (appointed 16 February 2001)
 S D Roworth (appointed 16 February 2001)
 G Frazis (appointed 16 February 2001)

PRINCIPAL ACTIVITIES

The principal activities of the Company during the course of the financial year were airline passenger and freight services.

RESULTS

The Company's operations for the financial year resulted in an operating loss after income tax of \$219,600,000 (2000: profit \$175,906,000).

REVIEW OF OPERATIONS

Included within the operating loss after tax were individually significant loss items of \$112.8million (2000: abnormal profits \$130.9 million). The items principally relate to restructuring costs, promotional expenses associated with the Olympic Games and a change in accounting for foreign currency movements on aircraft residuals.

In the opinion of the Directors there were no other significant changes in the state of affairs of the Company that occurred during the financial year under review.

STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

EVENTS SUBSEQUENT TO BALANCE DATE

The directors are not aware of any matter or circumstance not otherwise dealt with in the financial statements that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

LIKELY DEVELOPMENTS

Information as to the likely developments in the operations of the Company and the expected results of those operations in subsequent financial years has not been included in this report because the disclosure of such information would be likely to result in unreasonable prejudice to the Company.

ENVIRONMENT

The operations of the Company are subject to significant environmental regulation under both Commonwealth and State legislation. In particular the Airport (Environmental Protection) Regulations 1997 and relevant State legislation, not specifically precluded by the Commonwealth legislation, affect aircraft operations, maintenance and other associated activities. During the year, environmental risk was included in the Corporate Risk Profile and the risk associated with not meeting environmental reporting requirements was assessed through a comprehensive risk assessment.

The Company managed its environmental risk through auditing and risk reduction initiatives. Regular internal and external audits were used to identify any risk of breaching environmental legislation. Any identified potential breach was discussed with the relevant authority to ensure a satisfactory solution was reached. The Ansett Holdings group implemented its National Spill Response Strategy which is aimed at ensuring that spill response techniques are consistent across all group operations. The development of an Environmental Management System was commenced at Engineering, focused on minimising the environmental risk associated with the company's key engineering activities.

To the directors' knowledge, there have been no significant breaches of relevant legislation.

ANSETT AUSTRALIA LIMITED DIRECTORS' REPORT

DIRECTORS' INTERESTS AND BENEFITS

No director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due to be received by directors, as shown in the financial statements) by reason of a contract made by the Company, its controlled entities or a related body corporate, with any director or with a firm of which any director is a member or with an entity in which any director has a substantial financial interest.

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company has an agreement indemnifying all the directors and officers of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors and officers of the Company, except where the liability arises out of conduct involving lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Since the end of the previous financial year the parent entity has paid insurance premiums of \$153,275 in respect of Directors' and Officers' Liability and Legal Expenses insurance contracts, for current and former directors and officers, including executive officers of the Company and directors, executive officers and secretaries of its controlled entities. This policy insures against all liabilities and expenses arising as a result of work performed in the respective capacity of the person, to the extent permitted by the law.

ROUNDING

The Company is 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 financial report and directors report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is signed for and on behalf of the directors in accordance with a resolution of the Board of Directors this _____ day of _____, 2001, at _____.

Director

ANSETT AUSTRALIA LIMITED

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
ANSETT AUSTRALIA LIMITED

Scope

We have audited the financial report of Ansett Australia Limited for the financial year ended 30 June 2001, being a special purpose financial report consisting of the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes, and the directors' declaration set out on pages 4 to 24. The Company's directors are responsible for the financial report. The Directors have determined that the accounting policies used and described in Note 1 to the financial statements are appropriate to meet the requirements of the Corporations Law and the needs of the members. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company. No opinion is expressed whether the accounting policies used, and described in Note 1, are appropriate to the needs of the members.

The financial report has been prepared for distribution to members for the purpose of fulfilling the requirements of the Corporations Law. We disclaim any assumption of responsibility for any reliance on this report, or on the financial report to which it relates, by any person other than members, or for any purpose other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with the basis of accounting described in Note 1 to the financial statements, so as to present a view which is consistent with our understanding of the Company's financial position and performance, as represented by the results of its operations and its cash flows. These policies do not require the application of all Accounting Standards nor other mandatory professional reporting requirements in Australia.

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

Audit Opinion

In our opinion, the financial report of Ansett Australia Limited is in accordance with:

- (a) the Corporations Law, including:
 - i) giving a true and fair view of the Company's financial position at 30 June 2001 and of its performance for the year ended on that date in accordance with accounting policies described in Note 1 to the financial statements; and
 - ii) complying with AASB 1025 "Application of the Reporting Entity Concept and Other Amendments", AASB 1025 "Information to be Disclosed in Financial Reports", other Accounting Standards to the extent described in Note 1, and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements to the extent described in Note 1 to the financial statements.

DELOITTE TOUCHE TOHMATSU

Melbourne

2001

ANSETT AUSTRALIA LIMITED**DIRECTORS' DECLARATION**

In the opinion of the directors of Ansett Australia Limited:

1. (a) the company is not a reporting entity;
- (b) the financial statements and notes, set out on pages 5 to 24, are in accordance with the Corporations Law, including:
 - (i) giving a true and fair view of the financial position of the Company as at 30 June 2001 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date in accordance with the basis of accounting described in Note 1; and
 - (ii) complying with Accounting Standards to the extent described in Note 1 and the Corporations Regulations; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at this day of 2001.

Signed in accordance with a resolution of the Directors.

Director

ANSETT AUSTRALIA LIMITED

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2001

	Note	2001 \$'000	2000 \$'000
Revenue			
Revenue from rendering of services		2,742,084	2,942,062
Other revenue from ordinary activities		1,215	842
Expenditure			
Labour		(1,095,606)	(1,050,930)
Fuel		(329,842)	(245,850)
Maintenance and overhaul		(208,219)	(157,045)
Aircraft and traffic servicing		(153,283)	(175,084)
Passenger services		(159,508)	(141,127)
Sales and marketing		(428,186)	(392,465)
Aircraft operating leases		(119,791)	(103,556)
Depreciation and amortisation		(175,047)	(144,418)
Borrowing costs		(57,163)	(63,299)
Other expenses from ordinary activities		(385,889)	(352,698)
Profit/(Loss) from ordinary activities before income tax expense	2	(369,235)	116,432
Income tax (expense)/benefit attributable to operating profit/(loss)	3	149,635	59,474
Profit/(Loss) from ordinary activities after income tax expense		(219,600)	175,906
Increase in asset revaluation reserve arising on revaluation of non current assets			6,825
Increase/(decrease) in foreign currency translation reserve arising on translation of self-sustaining foreign operations		161	(252)
Total Revenue, Expense and Valuation adjustments attributable to Members recognised directly in Equity		161	(6,573)
Total Changes in Equity other than those resulting from transactions with Owners as Owners		(219,439)	182,479

The statement of financial performance is to be read in conjunction with the accompanying notes to the financial statements.

ANSETT AUSTRALIA LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2001

	Note	2001 \$'000	2000 \$'000
CURRENT ASSETS			
Cash			
Receivables	4	470,787	438,836
Inventories	5	140,507	114,986
Other	9	13,791	38,725
Total Current Assets		625,085	592,547
NON CURRENT ASSETS			
Receivables	4	32,952	39,057
Financial assets	6	1,024	1,024
Property, plant and equipment	7	1,798,861	1,839,253
Deferred tax assets	8	36,340	4,162
Other	9	22,256	1,079
Total Non Current Assets		1,891,433	1,884,575
TOTAL ASSETS		2,516,518	2,477,122
CURRENT LIABILITIES			
Payables	10	776,670	870,627
Interest bearing liabilities	11	205,793	170,579
Current tax liabilities		26,615	(17,325)
Provisions	13	160,523	143,621
Other	15	606	334
Total Current Liabilities		1,170,207	1,167,836
NON CURRENT LIABILITIES			
Payables	10	775,551	367,332
Interest bearing liabilities	11	499,303	464,322
Provisions	13	52,276	109,164
Deferred tax liabilities	14	39,218	168,042
Other	15	-	119
Total Non Current Liabilities		1,366,348	1,108,979
TOTAL LIABILITIES		2,536,555	2,276,815
NET ASSETS / (DEFICIENCY OF NET ASSETS)		(20,037)	200,307
EQUITY			
Contributed equity	16	3,000	3,000
Reserves	17	135,124	134,963
Accumulated losses	18	(158,161)	62,344
TOTAL EQUITY (DEFICIT)		(20,037)	200,307

The statement of financial position is to be read in conjunction with the accompanying notes to the financial statements.

ANSETT AUSTRALIA LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2001

	Note	2001 \$'000	2000 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		2,930,255	2,992,058
Cash payments in the course of operations		(2,609,217)	(2,480,419)
Income tax paid during year		(52,046)	(55,792)
Net cash provided by operating activities	23	<u>268,992</u>	<u>455,847</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		842	366
Payments for property, plant and equipment		(229,422)	(149,018)
Loans made by / (to) associated companies		59,004	(13,805)
Net advances to related bodies corporate		(40,004)	(34,151)
Proceeds from sale of non current assets and businesses		109,134	64,749
Net cash used in investing activities		<u>(100,446)</u>	<u>(131,859)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowing costs paid		(67,152)	(70,199)
Repayment of borrowings		(65,552)	(57,808)
Amounts received/(repaid) on loan from parent entity		43,459	(135,231)
Lease payments		(175,131)	(21,980)
Net cash (used in)/provided by financing activities		<u>(264,376)</u>	<u>(285,218)</u>
NET INCREASE / (DECREASE) IN CASH HELD		<u>(95,830)</u>	<u>38,770</u>
Cash at the beginning of the financial year		<u>56,979</u>	<u>18,209</u>
CASH AT THE END OF THE FINANCIAL YEAR	23	<u><u>(38,851)</u></u>	<u><u>56,979</u></u>

The Statement of Cashflows is to be read in conjunction with the accompanying notes to the financial statements.

Interim Report

Financial Statements

The financial statements are prepared on the basis of the accounting policies set out in the notes to the financial statements. The financial statements are prepared on the basis of the accounting policies set out in the notes to the financial statements.

ANSETT AUSTRALIA LIMITED**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001****1. SUMMARY OF ACCOUNTING POLICIES****Basis of Preparation**

The directors are of the view that the Company is not a reporting entity. These financial statements have been prepared as a special purpose financial report solely to meet the Corporations Law requirements to prepare financial statements. In the opinion of the Directors, the accounting standards applied in the preparation of these financial statements are appropriate to meet the needs of the members, and comply with all accounting standards applicable to general purpose financial statements, except for:

- AASB 1033 "Presentation and Disclosure of Financial Instruments"
- AASB 1017 "Related Party Disclosures"
- AASB 1028 "Accounting for Employee Entitlements" in respect of certain disclosures.

The financial 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. Cost is based on the fair values of the consideration given in exchange for assets.

The financial statements have been prepared on a going concern basis, notwithstanding the deficit of net assets, as there are reasonable grounds to believe that additional working capital will be provided by the ultimate parent entity.

Significant Accounting Policies

The accounting policies have been consistently applied to ensure that the resulting financial information satisfies the concepts of relevance and reliability. Except where there is a change in accounting policy noted, the policies are consistent with those of the previous year.

The company has adopted the presentation and disclosure requirements of Accounting Standards AASB 1018 "Statement of Financial Performance", AASB 1034 "Financial Report Presentation and Disclosure" and AASB 1040 "Statement of Financial Position", for the first time in the preparation of this financial report. In accordance with the requirements of these new/revised Standards, comparative amounts have been reclassified in order to comply with the new presentation format.

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

The significant policies, which have been adopted in the preparation of this financial report, are as follows:

Receivables**Trade Debtors**

Trade debtors are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.

Inventories

Inventories and work in progress are valued at the lower of cost and net realisable value. Cost is based on the weighted average cost principle. Other stocks and stores are valued at cost and provision is made for any diminution in value.

Deferred Expenditure

Material items of expenditure are deferred to the extent that management consider that it is probable that future economic benefits embodied in the asset will eventuate and can be measured reliably. Deferred expenditure is amortised over the period in which the related benefits are expected to be realised.

ANSETT AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 1988

1. SUMMARY OF ACCOUNTING POLICIES (contd)

Non Current Assets

The carrying amounts of all non current assets are determined by reference to their recoverable amount at balance date. Where the carrying amount exceeds the recoverable amount, the asset is written down to the lower amount.

In assessing recoverable amounts of non current assets, the expected future cash flows from each flow are discounted to their present value, except where specifically stated.

Certain non current assets have been revalued. With the exception of land and buildings, revaluations occur from time to time and are not made in accordance with a policy of regular revaluation.

Investments

Controlled Entities

Investments in controlled entities comprise shares held in entities controlled by the Company. The Company's financial statements at cost or valuation are used, unless otherwise stated. Dividends from controlled entities are accounted for on a dividend received basis in the Company's financial statements.

Associated Companies

An associated company is one in which the entity exercises significant influence and is not an investment in a subsidiary. An associated company has not been acquired with a view to disposal in the near future.

Investments in associated companies comprise shares held in associated companies. Investments in associated companies are carried at the lower of cost and recoverable amount. Dividends received in the Company's financial statements.

Other Companies

Other investments are shown at cost unless otherwise stated. Where the carrying amount exceeds the value of the investment, a provision is created to account for any reduction in their valuation.

Income Tax

The company adopts the liability method of tax effect accounting.

Income tax expense or benefit is calculated on operating profit or loss adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless the amount of the benefit is virtually certain. The tax effect of capital losses is not brought to account unless the amount of the benefit is virtually certain.

ANSETT AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

1. SUMMARY OF ACCOUNTING POLICIES (continued)

Property, Plant and Equipment

Acquisition

Items of property, plant and equipment are initially recorded at cost and depreciated as outlined below.

Revaluations

Certain fixed assets of the Company have been revalued at various times as indicated (Refer Note 8).

A provision for capital loss is only provided when it is known that the asset will eventually be sold.

Disposal of Revalued Assets

The gain or loss on disposal of revalued assets is calculated as the difference between the carrying amount of the assets at the time of disposal and the proceeds on disposal and is included in the result for the year of disposal. Any related revaluation increments relating to the disposed assets standing in the asset revaluation reserve at the time of disposal is transferred to profits.

Depreciation

Items of property, plant and equipment, including buildings and leasehold property, but excluding freehold land, are depreciated over their useful life, generally using the straight-line method of depreciation.

The depreciation rates for each class of assets are as follows:

	2000	1999
Freehold buildings	2.5%	2.5%
Leasehold buildings	5.5%	5.5%
Aircraft, engines and (leased and leased)	4% - 6%	4%
Plant and equipment (leased)	15%	15%

Depreciation rates are reviewed annually and if necessary, adjusted so that they will reflect the most recent assessments of the useful lives of the assets.

Leased Plant and Equipment

Leases of plant and equipment in which the economic entity assumes substantially all of the risks and benefits incidental to ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases are capitalised. A lease asset and liability equal to the present value of the minimum lease payments, excluding executory costs, are recorded at the inception of the lease. Lease liabilities are reduced by payments of principal. The interest component of the lease payment is expensed in the statement of financial performance. Capitalised lease assets are amortised on a straight line basis against the income of the accounting periods which are expected to benefit from their use over the term of the relevant lease, or where it is likely that the Company will obtain ownership of the asset, the life of the asset. Minimum lease payments made under operating leases are charged against profits in equal instalments over the accounting period of the lease term.

Derivatives

The company is exposed to changes in interest rates, foreign exchange rates and commodity prices from its operations. The company has a policy to use derivative financial instruments to hedge these risks. It is group policy not to enter into derivative financial instruments for speculative purposes.

Foreign Currency

Where hedge transactions are entered into to hedge the purchase or sale of goods and services, any unrealised gains or losses on the currency derivatives at any costs or gains arising at the time of entering into the hedge are not recognised in the measurement of the underlying sale or purchase transaction.

ANSETT AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2011

1. SUMMARY OF ACCOUNTING POLICIES (continued)

Derivatives (continued)

All non specific hedge transactions are initially recorded at the spot rate at the date of the transaction. Hedges outstanding at balance date are translated at the rates of exchange ruling on that date and any exchange differences are brought to account in the statement of financial performance. Costs or gains arising at the time of entering into a hedge are deferred and amortised over the life of the hedge. All contracts that are hedging principal repayments of borrowing are treated as non specific hedges.

Payables

Trade Creditors and Accruals

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Frequent Flyer Liability

The obligation to provide travel rewards and other benefits to members of the company's frequent flyer program is progressively provided for as points are accumulated by members.

The provision is reduced to reflect the value of points redeemed by members and the accumulation of unused points.

Related Party Loans

Loans from related parties are carried at the principal amount. Interest is taken up as an expense on an accrual basis.

Bank Overdraft and Bank Loans

The bank overdrafts and loans are carried at the principal amount. Interest on bank overdrafts is charged as an expense as incurred. Interest on bank loans is charged as an expense on an accrual basis.

Employee Entitlements

Wages, Salaries and Annual Leave

The provisions for employee entitlements to wages, salaries and annual leave represent the amount which the entity has a present obligation to pay resulting from employees' services provided up to the balance date. The provisions have been calculated at nominal amounts based on current wage and salary rates and include related on-costs.

Long Service Leave

The liability for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the entity resulting from employees' services provided up to the balance date.

The measurement of long service leave entitlements which are not expected to be settled within twelve months have been based on a calculation of the present value of the estimated future cash outflows. In determining this liability, consideration has been given to future increases in wage and salary rates, staff departure rates and applicable discount rates, which most closely match the terms of maturity of the related liabilities. Related on costs have also been included in the liability.

Superannuation Plans

The entity contributes to various superannuation plans, including the Ansett Australia Superannuation Plan. The superannuation plans are subject to the requirements of trust deeds governing their operation. Contributions are made to the plans in accordance with the requirements of the trust deeds. The contributions are charged against the entity's profit or loss as they are made.

ANSETT AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

1. SUMMARY OF ACCOUNTING POLICIES (continued)

Revenue Recognition

Sales Revenue

Passenger and freight sales are not recognised as revenue until the transportation service is rendered. At the time of sale a current liability for unearned revenue is established. Subsequently this is eliminated either through carriage by controlled entities, through billing from another carrier who renders the service, or by refund to the customer.

Interest Income

Interest income is recognised in the period in which it accrues.

Asset Sales

The gross proceeds of asset sales are included in revenues of the entity. The profit or loss on disposal of assets is brought to account at the date an unconditional contract of sale is signed.

Foreign Currency

Transactions

Foreign currency transactions are translated to Australian Currency at the rates of exchange ruling on the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statement of financial performance in the financial year in which the exchange rates change.

Aircraft residual values, which are denominated in United States Dollars, are considered to be effectively hedged by unhedged United States Dollar loan obligations. Gains and losses arising from movements in exchange rates applicable to aircraft residual values are recognised in the financial statements of the consolidated entity, Ansett Holdings Limited and its Controlled Entities.

Borrowing Costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges. Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for the intended use or sale. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised are those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST payable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

ANSETT AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

2. PROFIT/(LOSS) FROM ORDINARY ACTIVITIES

Profit/(loss) from ordinary activities before income tax includes the following items of revenue and expense:

(a) Revenue from operating activities:

	2001 \$'000	2000 \$'000
Rendering of services	2,742,084	2,942,062
Interest		
- related parties	691	691
- other parties	151	151
Foreign exchange gain		

(b) Revenue from outside operating activities:

Gross proceeds from sale of controlled entities and non-current assets

109,134	109,134
<u>3,052,038</u>	<u>3,052,038</u>

(c) Operating expenses:

Depreciation/amortisation of:

- buildings	x	14,642
- aircraft engines and spares	x	76,060
- plant and equipment	x	23,596
- leased assets capitalised	x	29,074
- deferred expenditure	x	1,046
	<u>x</u>	<u>144,418</u>

Amounts set aside to/(released from) provisions for

- employee entitlements	x	13,227
- doubtful trade debts	x	(2,813)
- other	x	(46,797)
Bad debts written off	x	4,149
Operating lease rental expense	x	148,119

Borrowing costs:

other parties	x	17,028
capitalised leases	x	12,656
related parties	x	37,468

Less borrowing costs capitalised:

other parties	<u>x</u>	<u>(3,853)</u>
	<u>x</u>	<u>63,299</u>

Foreign exchange loss

x	39,756
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Remuneration of auditors:

- auditing the financial report	x	210
- other services	x	320

Net gain/(loss) on disposal of non-current assets

x	1,520
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ANSETT AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

	2001 \$'000	2000 \$'000
(d) Individually significant items included in profit/(loss) from ordinary activities before income tax		
Gain/(Loss) on disposal of non current assets and asset/liability carrying value adjustment	-	38,683
Gain on purchase arising from refinancing of aircraft lease with related party	-	69,317
Olympic Games promotional costs	(36,359)	-
GST implementation costs	(3,022)	(8,653)
Provision for legal settlement	(11,000)	-
Restructure costs	(62,425)	-
	<u>(112,806)</u>	<u>99,347</u>

ANSETT AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

	2001 \$'000	2000 \$'000
3. INCOME TAX		
(a) Income Tax (Expense)/Benefit		
Prima facie income tax (expense)/benefit calculated at 34% (2000: 36%) on the operating profit/(loss)	171,150	(41,916)
Adjusted by the tax effect of:		
Non assessable profit/(loss) on disposal of non current assets and controlled entity	(8)	11,266
Non assessable gain on purchase arising from refinancing of aircraft		24,954
Other non assessable and exempt income	10,843	-
Provision for non recovery of loans receivable	(46,070)	-
Other permanent differences	(1,571)	9,730
Income tax (expense)/benefit on the operating profit	134,344	(73,095)
Income tax over/(under) provided in prior years	(2,801)	25,043
Timing differences not previously recognised	32,301	-
Tax credit arising from rate change effect on timing differences	(14,209)	30,397
Income tax (expense)/benefit attributable to operating profit	149,635	59,474

(b) Dividend Franking Account

As at 30 June 2001 the Company's dividend franking
account had a surplus of \$ x (2000: \$123,907,000).

Associated companies

Changes in other comprehensive income

ANSETT AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

4. RECEIVABLES

Current

	2001 \$'000	2000 \$'000
Trade debtors	406,570	398,754
Less provision for doubtful debts	(7,754)	(3,423)
	<u>398,816</u>	<u>395,331</u>
Sundry debtors and loans to other parties	56,688	32,217
Amount owing by associate	648	-
Amounts owing by parent entity	6,062	-
Amounts owing by related parties	10,073	11,288
Less provision for non-recovery	(1,500)	-
	<u>470,787</u>	<u>438,836</u>

Non Current

Sundry debtors and loans to other parties	-	6,557
Amounts owing by related parties	32,952	32,500
	<u>32,952</u>	<u>39,057</u>

5. INVENTORIES

Finished goods	356	671
Less provision for stock obsolescence	(27)	(17)
	<u>339</u>	<u>654</u>
Raw materials and general stores	113,121	112,297
Work in progress	15,815	2,035
Assets held for resale	11,232	-
	<u>140,507</u>	<u>114,986</u>

6. INVESTMENTS

Controlled entities:

Shares - at cost	16,974	16,974
Less amount written off	(15,943)	(15,943)
	<u>1,031</u>	<u>1,031</u>

Associated companies:

Unlisted shares - at cost	50	50
Less associated companies reserves	(62)	(62)
	<u>(12)</u>	<u>(12)</u>

Shares in other corporations - at cost

5	5
<u>1,024</u>	<u>1,024</u>

ANSETT AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

	2001 \$'000	2000 \$'000
7. PROPERTY, PLANT AND EQUIPMENT		
Freehold land and buildings		
at cost	-	835
less accumulated depreciation	-	(23)
	-	812
at 2000 directors' valuation	73,180	-
at 1997 directors' valuation	-	77,397
less accumulated depreciation	-	(3,041)
	73,180	74,356
Total freehold land and buildings	73,180	75,168
Leasehold land and buildings		
at cost	-	5,515
less accumulated amortisation	-	(624)
	-	4,891
at 2000 directors' valuation	320,370	-
at 1997 directors' valuation	-	187,807
less accumulated amortisation	-	(19,931)
	320,370	167,876
Total leasehold land and buildings	320,370	172,767
Total land and buildings	393,550	247,935
Aircraft, engines and spares		
at cost	1,734,632	1,727,559
less accumulated depreciation	(657,492)	(624,326)
	1,077,140	1,103,233
at 1988 directors' valuation	17,525	17,525
less accumulated depreciation	(12,945)	(12,351)
	4,580	5,174
Total aircraft, engines and spares	1,081,720	1,108,407
Aircraft, engines and spares under lease		
at cost	516,805	514,905
less accumulated amortisation	(263,752)	(241,996)
	253,053	272,909
at 1985 directors' valuation	45,924	47,824
less accumulated amortisation	(31,054)	(30,281)
	14,870	17,543
Total aircraft, engines and spares under lease	267,923	290,452

ANSETT AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2000

8. PROPERTY, PLANT AND EQUIPMENT (continued)

	2000 \$'000	1999 \$'000
Plant and equipment		
at cost	583,961	632,553
less accumulated depreciation	(410,087)	(392,668)
	173,874	232,885
Plant and equipment under lease		
at cost	48,416	39,812
less accumulated amortisation	(26,157)	(19,611)
	22,259	20,201
Total plant and equipment	196,133	253,086
Total property, plant and equipment	1,939,326	1,899,880

The valuation of land and buildings was carried out as at 30 June 2000 and was on the basis of independent assessments of the fair market value of the properties concerned in their existing use, or in the case of the Sydney Terminal building, on the basis of replacement cost. The directors of the Company are of the opinion that this valuation provides a reasonable estimate of recoverable amount as at 30 June 2000.

The independent valuation of the land and buildings portfolio was carried out as at 30 June 2000 by CB Richard Ellis (V) Pty Limited, Certified Practising Valuers. This valuation was obtained in accordance with the entity's policy of obtaining an independent valuation of land and buildings every three years.

Non-current
Trade receivables and accounts
Amounts owing to related parties
Amounts owing to associates

Current
Bank overdrafts - unsecured
Bank loans - fully secured
Other loans - fully secured
Lease liabilities
Amounts owing to related parties

Non-current
Bank loans - fully secured
Lease liabilities

ANSETT AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

8. DEFERRED TAX ASSETS

Future income tax benefits comprising the estimated future benefit, at current income tax rates, of the following items:

	2001 \$'000	2000 \$'000
Timing differences	7,506	-
Tax losses	30,381	4,162
	<u>36,340</u>	<u>4,162</u>

Future income tax benefit has been offset against the provision for deferred income tax to the extent that timing differences giving rise to the provision will reverse within the reporting period during which the benefits from tax losses and other timing differences are available for deduction. Timing differences recorded as future income tax benefits which have been offset against the provision for deferred income tax amount to \$195,143,000 (2000: \$127,049,000).

9. OTHER ASSETS

Current		
Deferred expenditure	-	9,275
Prepayments	11,995	29,450
Other	1,796	-
	<u>13,791</u>	<u>38,725</u>
Non current		
Deferred expenditure	-	59
Other	22,256	1,020
	<u>22,256</u>	<u>1,079</u>

10. PAYABLES

Current		
Trade creditors and accruals	469,156	285,286
Unearned revenue	289,094	413,907
Amounts owing to related parties	18,420	112,430
Amounts owing to associated companies	-	59,004
	<u>776,670</u>	<u>870,627</u>
Non current		
Trade creditors and accruals	92,553	111,293
Amounts owing to related parties	598,367	256,039
Amount owing to associate	84,631	-
	<u>775,551</u>	<u>367,332</u>

11. INTEREST BEARING LIABILITIES

Current		
Bank overdrafts - unsecured	31,064	38,851
Bank loans - fully secured	93,214	55,973
Other loans - fully secured	-	144
Lease liabilities	67,016	75,611
Amounts owing to related parties	14,499	-
	<u>205,793</u>	<u>170,579</u>
Non current		
Bank loans - fully secured	402,067	334,596
Lease liabilities	17,391	24,892

Amounts owing to related parties

79,845	104,834
<u>499,303</u>	<u>464,322</u>

ANSETT AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

12. AMOUNTS PAYABLE IN FOREIGN CURRENCIES

The Australian dollar equivalent of unhedged amounts payable in the following currencies calculated at the year end exchange rates are as follows:

Amounts Payable

Current:
United States Dollars

Non current:
United States Dollars

2001 \$'000	2000 \$'000
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x	49,563
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x	308,736
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13. PROVISIONS

Current
Employee entitlements
Other provisions

160,523	118,276
-	25,362
<u>160,523</u>	<u>143,621</u>

Non current
Employee entitlements

<u>52,276</u>	<u>109,164</u>
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14. DEFERRED TAX LIABILITIES

Provision for deferred income tax

<u>39,218</u>	<u>168,042</u>
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The provision for deferred income tax has been reduced by future income tax benefits attributable to timing differences by the amount of \$195,143,000 (2000: \$127,049,000).

15. OTHER LIABILITIES

Current
Deferred revenue

<u>606</u>	<u>334</u>
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Non current
Deferred revenue

<u>149</u>	<u>149</u>
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16. CONTRIBUTED EQUITY

Issued and paid up capital
6,000,000 (2000: 6,000,000) ordinary shares fully paid

<u>3,000</u>	<u>3,000</u>
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Less: future financial charges

Less: liability provided in the financial statements:

Current
Non current

ANSETT AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

17. RESERVES

	2001 \$'000	2000 \$'000
Capital profit	3,400	3,400
Asset revaluation	131,622	131,622
Foreign currency translation	164	3
Associated company	(62)	(62)
	<u>135,124</u>	<u>134,963</u>

MOVEMENTS DURING THE YEAR

Asset Revaluation Reserve

Balance at beginning of the financial year	131,622	125,208
Surplus on revaluation of land and buildings	-	6,825
Revaluation reserve transferred to retained profits	-	(411)
Balance at end of the financial year	<u>131,622</u>	<u>131,622</u>

Foreign Currency Translation Reserve

Balance at beginning of the financial year	3	255
Translation of controlled foreign operations financial statements	161	(252)
Balance at end of the financial year	<u>164</u>	<u>3</u>

18. CONTRACTUAL COMMITMENTS

Capital Expenditure Commitments

Contracted but not provided and payable:

Not later than one year	-	19,401
Later than one year but not later than five years	-	63,886
Later than five years	-	40,954
		<u>124,241</u>

Operating Lease Commitments

Future operating lease rentals not provided for in the financial statements and payable:

Not later than one year	173,679	110,218
Later than one year but not later than five years	474,737	271,175
Later than five years	741,597	731,562
	<u>1,390,013</u>	<u>1,112,955</u>

Operating lease commitments relating to aircraft amount to \$396,910,000 (2000: \$127,580,000). The entity leases aircraft, property and plant under operating leases expiring from one to twelve years. Leases generally provide the entity with a right of renewal at which time all terms are renegotiated. Lease payments comprise a base amount plus an incremental contingent rental based on either movements in the Consumer Price Index or operating criteria.

Finance Lease Commitments

Finance lease rentals are payable in respect to aircraft as follows:

Not later than one year	71,193	80,000
Later than one year but not later than five years	18,103	26,734
	89,296	106,734
Less future finance charges	(4,889)	(6,231)
	<u>84,407</u>	<u>100,503</u>
Lease liabilities provided in the financial statements:		
Current	67,016	75,611
Non current	17,391	24,892
	<u>84,407</u>	<u>100,503</u>

ANSETT AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

2001	2000
\$'000	\$'000

19. CONTINGENT LIABILITIES

The details and estimated maximum amounts of contingent liabilities that may become payable are set out below. The directors are not aware of any circumstance or information which would lead them to believe that the liabilities will crystallise.

Unsecured guarantees

Parent entity:

- maximum	41,400	41,400
- at balance date	41,400	41,400

Other corporations

53,276	53,276
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Litigation

The Company is involved in various claims and litigation arising in the ordinary course of business none of which is expected to have a significant effect upon its operating results or financial position.

20. FINANCING ARRANGEMENTS

Bank Overdraft

The Company has access to bank overdraft facilities to a maximum of \$5,000,000 (2000: \$5,000,000) which is a part of a group offset facility leaving an unused facility of \$nil (2000: \$nil) at balance date. When aggregated with other balances which are a part of this facility, the maximum amount has not been exceeded.

Bank Loans

The Company has access to bank loans of \$390,569,000 (1999: \$418,282,000). At balance date, the unused portion was \$nil (1999: \$nil). Generally the bank loans are secured over aircraft and other aviation related assets of the Company.

Other Loans

The Company has access to other loans of \$144,000 (1999: \$1,189,000). At balance date, the unused portion was \$nil (1999: \$nil). This is secured over certain assets of the Company.

ANSETT AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

21. DIRECTORS REMUNERATION

Total income paid or payable, or otherwise made available, to the directors, including executive directors from the Company or any related party:

The number of directors of the Company, including executive directors whose income from the Company or any related party falls within the following bands:

\$0	-	\$9,999
\$100,000	-	\$109,999
\$790,000	-	\$799,999
\$140,000	-	\$949,999

Directors' income includes amounts paid by the parent entity during the year to indemnify directors, but does not include insurance premiums paid by the parent entity in respect of Directors' and Officers' Liabilities and Legal Expenses insurance contracts, as the insurance policies do not specify premiums paid in respect of individual directors. Details of the insurance premiums paid are set out in the Directors' Report.

22. SEGMENT INFORMATION

The Company operates predominantly within the transport industry in Australasia.

2001	2000
\$'000	\$'000

X 1,046

2	2
1	1
1	1

ANSETT AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2001

	Note	2001 \$'000	2000 \$'000
23. NOTES TO THE STATEMENT OF CASH FLOWS			
(a) Reconciliation of Cash			
For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank, net of outstanding bank overdrafts and letters of credit. Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:			
Cash		-	-
Bank overdraft and letters of credit	11	(38,851)	(38,851)
		<u>(38,851)</u>	<u>(38,851)</u>
(b) Reconciliation of Operating Profit/(Loss) After Income Tax to Net Cash Provided by Operating Activities			
Operating profit after income tax		175,906	182,818
Add/(Less) items classified as investing/financing activities:			
(Profit)/Loss on sale of non current assets		(9,580)	(1,520)
Borrowing costs		63,299	67,405
Interest revenue		(842)	(366)
Add/(Less) non cash items:			
Amounts set aside to provisions		(33,570)	(15,067)
Depreciation/amortisation		144,418	153,242
Unrealised foreign exchange (gains)/losses		30,920	(43,400)
Increase/(decrease) in income taxes payable		(62,793)	67,937
Capitalised interest		3,853	2,794
Abnormal items:			
Profit on sale on non-current assets		(40,916)	(42,483)
Asset write-down		-	2,349
		<u>270,695</u>	<u>373,709</u>
Net cash provided by operating activities before change in assets and liabilities		270,695	373,709
Change in assets and liabilities:			
(Increase)/Decrease in current assets		(11,327)	15,845
Increase in current liabilities		9,624	66,293
Net cash provided by operating activities		<u>268,992</u>	<u>455,847</u>

AAL ASSET REGISTER EXCERPT

00182

Asset Code	Acq Date	Detail
22211596 0 BLDGOW01	15.07.1980 1980	501 Swanston St, Melbourne, VIC, 3000 Head Office
22211876 0 LANDOW01	15.07.1980 1980	501 Swanston St, Melbourne, VIC, 3000 Head Office
22211595 0 BLDGOW01	15.07.1960 1960	489 Swanston St, Melbourne, VIC, 3000 IT and State
22211875 0 LANDOW01	15.07.1960 1960	489 Swanston St, Melbourne, VIC, 3000 IT and State
22211874 0 LANDOW01	15.07.1960 1960	465 Swanston St, Melbourne, VIC, 3000 Travel Centr
22211590 0 BLDGOW01	15.07.1960 1960	20-24 Franklin St, Melbourne, VIC, 3000 Storage bu
22211594 0 BLDGOW01	15.07.1960 1960	465 Swanston St, Melbourne, VIC, 3000 Travel Centr
22211872 0 LANDOW01	15.07.1960 1960	20-24 Franklin St, Melbourne, VIC, 3000 Storage bu
22211873 0 LANDOW01	15.07.1960 1960	26-32 Franklin St, Melbourne, VIC, 3000 Carpark

Cost	Acc Dep'n	WDV
14,375,281.10	331,737.26	14,043,543.84
3,360,000.00	0.00	3,360,000.00
3,879,930.01	89,536.85	3,790,393.16
1,613,409.00	0.00	1,613,409.00
1,248,347.00	0.00	1,248,347.00
636,298.55	14,683.81	621,614.74
592,384.56	13,670.41	578,714.15
484,313.73	0.00	484,313.73
465,686.27	0.00	465,686.27

Asset Code	Acq Date	Detail	Cost	Acc Dep'n	WDV
11137839	15.07.1972	AIR CONDITIONER AIR CONDITIONING 488SWANSTON	684,798.00	684,798.00	0
11159971	15.01.1973	LIFTS LIFTS 488 SWANSTON ST	105,669.00	105,669.00	0
11163869	15.11.1973	ALARM FIRE SPRINKLERS 488SWANSTON ST	20,000.00	20,000.00	0
11154536	15.10.1994	BOARD SWITCHBOARD MAIN (488)	24,879.00	24,879.00	0
11136924	15.03.1986	COMM EQUIPMENT TELEPHONE/CABLE/PROGRAM/488	6,488.00	6,488.00	0
11159231	15.03.1986	INTERCOM INTERCOMS FOR GRD FLR 488 SWAN	2,560.00	2,560.00	0
11161562	15.03.1986	REORDER ATTN SUPPLY INSTALL 3RD FLR 488 SWAN	1,307.25	1,307.25	0
11108411	15.09.1988	CABINET WOOD CABINET (1488)	1,711.00	1,707.78	3.22
11128860	15.09.1988	U/B ITEM PARTITIONING (ST. FLOOR-488)	1,599.00	1,595.95	3.05
11124146	15.09.1988	PLANTER TUB PLANTER BOX (488)	1,450.00	1,447.25	2.75
11124149	15.09.1988	PLANTER TUB PLANTER BOX (488)	1,450.00	1,447.25	2.75
11124150	15.09.1988	PLANTER TUB PLANTER BOX (488)	1,450.00	1,447.25	2.75
11124151	15.09.1988	PLANTER TUB PLANTER BOX (488)	1,450.00	1,447.25	2.75
11124152	15.09.1988	PLANTER TUB PLANTER BOX (488)	1,450.00	1,447.25	2.75
11124153	15.09.1988	PLANTER TUB PLANTER BOX (488)	1,450.00	1,447.25	2.75
11124154	15.09.1988	PLANTER TUB PLANTER BOX (488)	1,450.00	1,447.25	2.75
11142964	15.10.1991	SECURITY CABLING FOR 488	17,312.00	17,224.15	87.85
11138081	15.06.1992	AIR CONDITIONER UPGRADE OF AIR CONDITIONING	348,156.00	323,190.50	24,965.50
11180765	15.06.1992	UNBRANDED ITEM UPGRADE - LIFTS AT 488 SWANSTON	289,338.00	240,741.43	18,596.57
11140121	15.08.1992	STENTOFON CABLING 488 SWANSTON	17,563.00	17,563.00	0
11168305	15.05.1992	ADAPTOR WHEEL ADAPTOR TO SUIT WHEEL PIN AH	5,523.00	5,171.74	351.26
11168306	15.05.1992	ADAPTOR WHEEL ADAPTOR TO SUIT WHEEL PIN AH	5,523.00	5,171.74	351.26
55501807	15.05.1992	CONVERSION OF OIL BURNERS TO GAS - 488 SWANSTON	52,033.00	26,817.01	25,215.99
55501722	10.10.1994	T/B PORT NETWORK - PROJECT SUPPORT GROUP A	16,083.00	16,083.00	0
55501813	05.10.1995	OFFICE FITOUT - LEVELS 5 & 6 488 SWANSTON ST, M	93,917.00	48,403.38	45,513.62
55501776	17.05.1995	WORKSTATIONS - LEVEL 4/489 SWANSTON ST, MELB	5,850.00	3,015.00	2,835.00
55501322	29.06.1996	SKYNET SCHEDULING SYSTEM - LEVEL 6/489 SWANSTON	2,346,528.64	2,346,528.64	0
55501938	31.10.1996	OFFICE FITOUT OF GROUND FLOOR, 488 SWANSTON	222,236.03	112,068.53	120,137.50
55501833	01.04.1996	OS/2 DEVELOPER WORKSTATION, 4/488 SWANSTON	81,797.00	81,797.00	0
55502123	30.06.1996	5 WORKSTATIONS 488 SWANSTON ST, MELB	20,411.15	10,519.62	9,891.53
55501939	28.12.1996	ACCESS CONTROLS FOR GROUND FLOOR, 488 SWANSTON	9,125.00	4,404.56	4,720.44
55501768	16.09.1996	ULTITECH Y34 MODEM RACK - LEVEL 1/489 SWANSTON	7,906.80	7,876.39	30.41
55501778	29.02.1996	WORKSTATIONS - 1/489 SWANSTON ST, MELB	5,658.00	2,915.02	2,742.98
55501938	22.11.1996	ADD COSTS: REEFURBISH GND FLOOR 488 SWANSTON	5,155.00	2,488.28	2,666.72
55501019	15.08.1996	SYN 2813-05 16 PORT HUB - 1/488 SWANSTON ST, ME	3,372.44	3,372.44	0
55500960	20.11.1996	HP LASERJET SP PRINTER - MERLIN DEPT, 7/488	2,436.68	2,352.30	84.38
55501940	09.12.1996	MERIDIAN PHONE M2816 WITH DISPLAY, 488 SWANSTON	2,375.00	1,123.56	1,251.44
55501007	01.08.1996	HP DESKJET 1600C PRINTER - 6/489 SWANSTON ST, M	2,338.00	2,338.00	0
55501862	22.11.1996	MICRO VENETIANS FOR C/O OFFICE - GROUND FLOOR	2,075.00	1,001.59	1,073.41
55501388	16.09.1996	MULTITECH ETH CONTRA-MGT - LEVEL 1/489 SWANSTON	1,980.00	1,972.38	7.62
55501241	01.08.1996	BLACK BOX PS/2 VID SWITCH - ANSETT QIK II, 1/489	1,878.00	1,878.00	0
55501324	20.05.1996	39RU TYPE A 19" X 675 FRAME (SHELF) - LEVEL 6/489	1,773.63	914.09	859.54
55501000	08.07.1996	ERICSSON GH337 MOBILE PHONE - CLIENT SUPPORT	1,488.00	1,488.00	0
55501834	23.12.1996	MERIDIAN 2616 DIGITAL PHONE - TSG, 1/489 SWANSTON	659	623.52	35.48
22211597	01.12.1997	REFIT OF LEVEL 1 58 FRANKLIN STREET FOR RESE	78,175.75	2,255.08	75,920.67
55504337	01.05.1997	POWER SHUTTER FOR CAR PARK DOOR FRANKLIN ST	2,874.25	906.51	1,967.74
55501938	06.05.1997	CABLE FITOUT - 6/489 SWANSTON STREET, MELBOURNE	23,083.52	9,895.85	13,187.67
55501859	10.02.1997	3 X 19" COMPUTER SYSTEM RACKS - 3RD FLOOR, 488	10,002.95	4,578.29	5,424.66
55503876	16.12.1997	DLT-4000 TAPE DRIVE EXT SCSI-2, LEVEL 1, 489	6,695.00	4,223.00	2,472.00
55503898	17.12.1997	QUANTUM DLT 40GB TAPE BACKUP UNIT-LV 1/489	6,695.00	4,223.00	2,472.00
55503897	10.12.1997	2 X HP LASERJET 5N PRINTER-LV 1/489	4,612.22	2,909.23	1,702.99
55501965	15.01.1997	CISCO 1005 ETH SYNC ROUTER - IT 6/489 SWANSTON	4,472.00	4,162.40	309.6
55501965	16.05.1997	SYNOPTIC 2813 16 PORT - IT 6/489 SWANSTON ST, M	3,217.80	2,784.64	433.16
55503246	10.10.1997	CABLING FOR LAN NETWORK AT 488/501 SWANSTON	2,412.72	941.88	1,470.84
55501984	16.05.1997	SYNOPTIC 2803 16 PORT - IT 6/489 SWANSTON ST, M	2,070.00	1,791.34	278.66
55502410	30.04.1997	DYNATEK & OGB DDS-2 TAPE BACKUP UNIT - CTG 1/4	2,045.00	1,743.75	271.25
55501937	17.02.1997	SYN 2814-05 16PORT 10BT - IT 6/489 SWANSTON ST, M	1,945.00	1,780.43	164.57
55503658	19.06.1997	HP LASERJET 5 PRINTER-LV 1, 488 SWANSTON ST, M	1,787.00	1,127.18	659.82
55502376	07.02.1997	DESK AND RETURN - OFFICE OF C/O, 6/489 SWANSTON	1,380.00	631.61	748.39
55501936	17.02.1997	SYN 2804 16PORT 10BT FIB - IT 6/489 SWANSTON ST, M	1,372.00	1,255.91	116.09
55503045	20.10.1997	MERIDIAN M2616E PHONE LINE & HANDSET-GRND FL	665	512.21	145.79
55503896	19.08.1998	QUANTUM DLT 40GB TAPE BACKUP UNIT-LV 1, 489	8,220.00	3,060.84	3,159.16

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