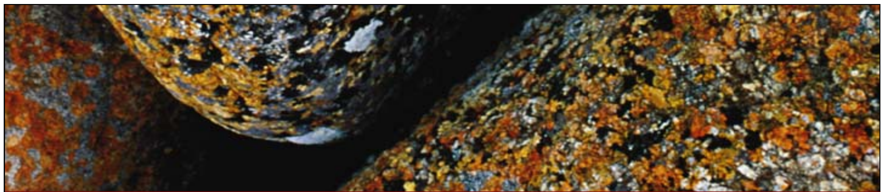
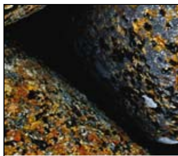


2003/04 Interim Results
Presentation to Investors

19 February 2004

Geoff Dixon
Chief Executive Officer

QANTAS



Highlights

		Six months to December 2003	Six months to December 2002	Increase/ (decrease) %
Sales and operating revenue*	$m	**5,801.8**	**6,069.6**	**(4.4)**
Expenditure*	$m	**(5,200.3)**	**(5,532.8)**	**(6.0)**
EBIT	$m	**601.5**	**536.8**	**12.1**
Net borrowing costs	$m	**(71.2)**	**(23.7)**	**200.4**
Profit before tax	$m	**530.3**	**513.1**	**3.4**
Net profit after tax	$m	**357.8**	**352.5**	**1.5**
Earnings per share	¢	**19.9**	**21.0**	**(5.2)**
Dividend per share	¢	**8.0**	**8.0**	**-**

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QANTAS

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Today Qantas reported a profit before tax of $530.3 million for the six months to 31 December 2003. The net profit after tax was $357.8 million.

The main drivers of the result were:

- a strong performance in the domestic market, largely due to a simplified fare structure and an overall improvement in the efficiency of the domestic operation;
- improved efficiency from cost reduction initiatives and the introduction of new aircraft;
- a recovery in the international market in the second half of the six month period; and
- continued improvement in earnings from subsidiary businesses, particularly Qantas Holidays and Qantas Flight Catering.

Revenue for the six months fell by 4.4 per cent, or $267.8 million, compared to the previous corresponding period.

This was due to the continued impact of SARS and the war in Iraq in July, August and September when international capacity was still down by 10.5 per cent.

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QANTAS

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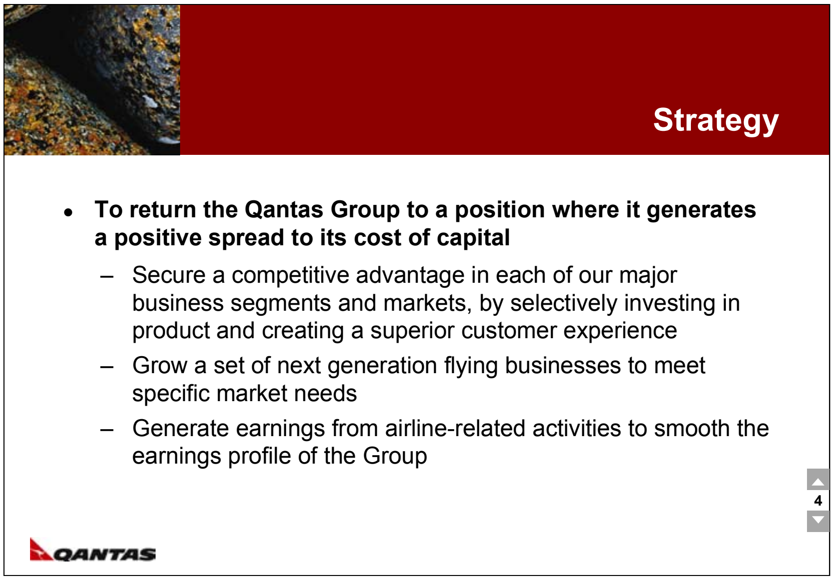
Revenue recovered well in October, November and December when the low-yielding "SARS recovery" fares left the market.

Revenue was down $228.7 million in the first three months of the half, but recovered to be down only $39.1 million in the second three months.

The fall in revenue was more than offset by a reduction in expenditure of $332.5 million. This expenditure reduction was achieved despite depreciation and amortisation costs increasing by 49.4 per cent to $536.2 million due to the acquisition of new aircraft and product.

These results clearly reflect an improvement in operating conditions post-SARS. They also show the positive effects of the strategy we have put in place over the last twelve months.



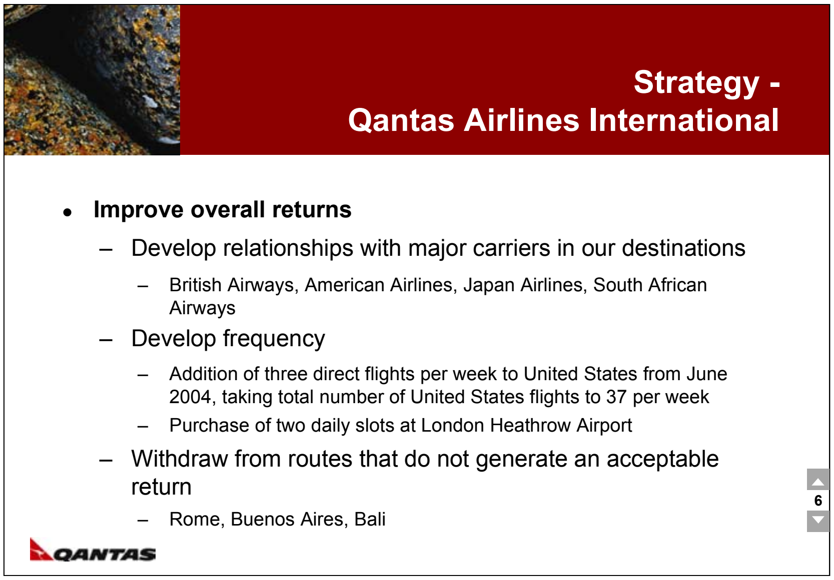
Broadly, this strategy is to return the Qantas Group to a position where it generates a positive spread to its cost of capital. We will achieve this by:

- Securing a competitive advantage in each of our major business segments and markets by selectively investing in our product and creating a superior customer experience;
- Growing a set of next generation flying businesses to meet specific market needs;
- Generating earnings from airline-related activities to smooth the earnings profile of the Group through the cycle;

- Implementing a company reorganisation to improve accountability, transparency and collaboration;
- Achieving permanent unit cost efficiencies in all areas of the business under the Sustainable Future Program; and
- Maintaining our investment grade credit rating.

Today, I will focus on the progress of these strategies, both by business segment and under the Sustainable Future Program.

Firstly, the Qantas international business.



Our international business operates in a challenging environment. But the market is improving and we are working to improve overall returns as this business is central to the success of the entire Group of companies.

We have consistently followed a strategy of developing relationships with the major carrier in the destinations to which we fly, including British Airways in London, American Airlines in LA, Japan Airlines in Tokyo and South African in Johannesburg.

In markets where this has not been possible we have developed frequency or, where necessary, have withdrawn from routes that do not generate an acceptable return – Rome, Buenos Aires and Bali are recent examples. We continue to grow our presence on profitable routes.

From next month, we will offer more capacity than ever before between Australia and Los Angeles, and that includes the peak period of the Sydney Olympics. Last week we announced three new direct flights per week between Brisbane and Los Angeles, taking the total number of US flights to 37 per week.

In January, Qantas also secured two additional daily slots at London's Heathrow Airport. Without these slots, we would not have been in a position to increase capacity to London until early 2007, when the first of our A380 aircraft enters service.

We are now evaluating options for additional flights to the UK beyond our current 21 services per week – either via existing intermediate cities or new cities. Either way we believe we can generate additional profitable flying.

We intend to open up several new markets this year, including China and India, where we know there are significant opportunities.

In our New Zealand operation, our New Zealand-based low-cost subsidiary, Jetconnect continues to significantly improve our cost competitiveness.

We will also continue to invest heavily in our international product. Skybed, our award winning international business class sleeper seat, was launched in September 2003. It is getting a very positive customer response. We have six aircraft fitted with Skybed - this will increase to nine by Easter this year. Our entire fleet of three class B747-400 aircraft will be flying with Skybed by the end of 2004. A330 aircraft fitted with Skybed will be progressively added to our international network from later this year.

We are evaluating the introduction of on-demand inflight entertainment for our international fleet and we have introduced new food and service initiatives.

In the international context we will continue to evaluate consolidation and partnership opportunities. We have watched KLM and Air France's merger proceed and this raises the question, of course, why a similar progressive path cannot be contemplated by regulators in our part of the world.

Strategy - Australian Airlines

- **Continue to profitably grow route network**
  - Commenced operations in October 2002
  - Returned to profits in September 2003
  - Took delivery of a fifth aircraft in October 2003
  - Evaluation of new market opportunities
    - Added outbound routes of Bali and Sabah from Sydney and Melbourne
    - Will commence services between Cairns, Darwin and Singapore in May 2004
    - New destinations under consideration include Thailand, Vietnam and additional ports in Japan

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QANTAS

Australian Airlines recovered from the SARS pandemic and has been profitable since last September. Australian took delivery of a fifth aircraft in October and added the outbound destinations of Bali and Sabah to its route network from Sydney and Melbourne.

From May, Australian will commence services between Cairns, Darwin and Singapore and will operate 96 flights to 12 destinations in six countries, destinations that would be unprofitable if operated by Qantas.

Australian will continue to grow its route network. New destinations in Thailand, Vietnam and additional ports in Japan are currently under consideration.

Our domestic result was strong and the two operating units – Qantas and QantasLink – held their own against the capacity push and cost structure of Virgin Blue. Qantas, and in particular the Cityflyer routes, continued to achieve a margin that was competitive with Virgin's.

The success of our domestic operations was due principally to our differentiated business and leisure product, schedules, overall cost reductions and efficiencies from new aircraft, customer loyalty, improved on-time performance and as I said earlier the new simplified fare structure introduced in July 2003.

The Qantas domestic airline will continue to offer a two-class, full service product with increased frequency on key business routes.

QantasLink continued to compete very successfully with its fleet of 33 Dash 8 aircraft, which are ideally suited to its route network.

The rationalisation of the turboprop fleet to one aircraft type, together with further restructuring of the business contributed to the improved QantasLink result.

While Qantas continued to perform well in all segments of the business market, our returns in the leisure segment were not as strong and, in some cases, were unacceptable.

The price-sensitive leisure segment is the fastest growing market and accounts for almost all the 12 to 15 per cent growth domestically. In fact, leisure has grown from 35 per cent to around 60 per cent of the total market.

Which brings me to Jetstar, our low cost carrier, which will commence flying in May. Jetstar, together with Qantas Airlines and QantasLink, will enable the Group to compete profitably in all segments of the domestic market.

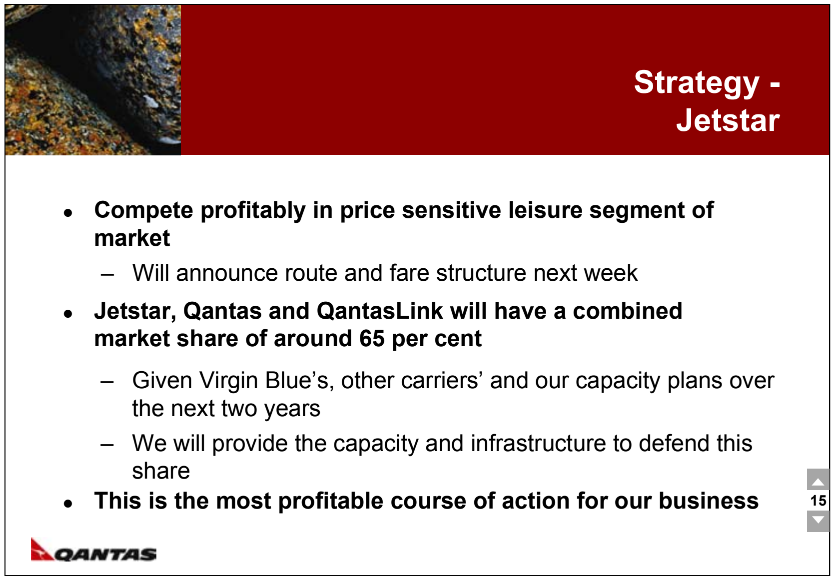
Jetstar was a necessity – if we did not start Jetstar someone else would have taken the growth we are seeing. The task is to ensure the integrity of the Jetstar operating model, while maintaining the integrity of the two-class Qantas model. I have no doubt we will achieve this.

Jetstar will commence operations in May, with a unit cost of 8.25 cents per ASK, compared to Virgin Blue's unit cost of 8.72 cents per ASK, as reported in its prospectus.

When Jetstar moves to an all-A320 fleet in 2006/07, its unit cost will fall to 7.8 cents per ASK.

These figures are real:

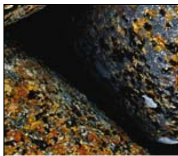
- We have locked in Gate Gourmet – not Qantas – for our inflight catering. This will be a revenue share model, not a cost centre for Jetstar;
- The Navataire Open Skies system has been chosen for Jetstar's reservations – this system, combined with a stronger focus on direct distribution channels will ensure Jetstar has a lower cost of sales than Virgin Blue;
- Express Ground Handling, a low-cost "greenfield's" Qantas owned company, will provide ground handling service to Jetstar in its major ports and a competitive process is underway for handling arrangements in smaller ports;
- Jetstar's labour agreements, which have been reached with all staff groups, are very competitive with Virgin Blue and we will achieve higher aircraft utilisation and productivity through Jetstar's production driven schedule.



Jetstar's route and fare structure will be announced next week. It will begin a major advertising and marketing campaign in late February, with a focus on providing low fares to its customers.

From what we know of the capacity plans of Virgin Blue and the other domestic carriers over the next two years, and our own plans for capacity increases, the three-product offering of Qantas, Jetstar and QantasLink will have around 65 per cent of the domestic market.

This is our line in the sand and we will provide the capacity and infrastructure to defend it against Virgin Blue and the other carriers. This is the most profitable course of action for our business.



Strategy - Flying Services and Associated Businesses

- **Qantas Holidays**
  - Target growth through technology
  - Access new markets through Jetstar
- **Qantas Flight Catering**
  - Target external customers
  - Snapfresh supplies meals to Qantas, British Airways and Cathay Pacific
  - Focus on new non-airline business opportunities
  - Achieve permanent unit cost efficiencies under the Sustainable Future Program

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I mentioned earlier that Qantas Holidays and Qantas Flight Catering both contributed improved results for the period.

This is a notable achievement, given the operating conditions affecting all airlines.

Qantas Holidays will continue to target growth through technology and new markets which will be accessed through Jetsar.

Qantas Flight Catering continues to target external customers, with both its traditional meals and its lower cost Snapfresh offering. Snapfresh supplies Qantas, British Airways and Cathay Pacific with inflight meals. However, Snapfresh remains focused on new non-airline opportunities, including the hospitality and health care markets.

Qantas Flight Catering was not successful in tendering for the Jetstar business against Gate Gourmet and management will now need to make the necessary adjustments to compensate for the lost business. We still expect this segment to meet its budget targets, through significant efficiency improvements under its existing business model. Qantas Flight Catering is also exploring new business models to ensure its ongoing competitiveness.

In December, Qantas and Australia Post jointly acquired Star Track Express. This purchase is in line with our broad strategy to grow the flying-related businesses and our specific plan to build a multi-faceted inter-linking freight business.

Star Track Express is a quality asset, with superior technology and service levels in a high return, high growth market.

Star Track Express is principally a road express operator, but is also a significant user of air freight.

The acquisition will allow Qantas to secure and grow the Star Track Express air freight business while giving us access to the large and growing road express markets.

Qantas is also investigating third and fourth party logistics in association with Australia Post and Star Track Express. Qantas has a heavy logistics need throughout the business, which would benefit significantly from coordination and centralisation between these businesses.

We also see significant opportunities in combining the express freight offerings of Qantas, Australia Post, Australian air Express and Star Track Express – effectively offering a “one stop shop” for our customers.

As a result, we anticipate significant growth and synergy opportunities for Star Track Express, both in Australia and overseas.

Separately, Qantas Freight is increasing its involvement in international freighter operations. Qantas Freight operates three trans-Pacific services per week under an aircraft lease agreement with Polar Air Cargo. In the last two weeks, Qantas Freight also commenced a twice weekly freight service from Australia to Singapore, Shanghai and the United States.

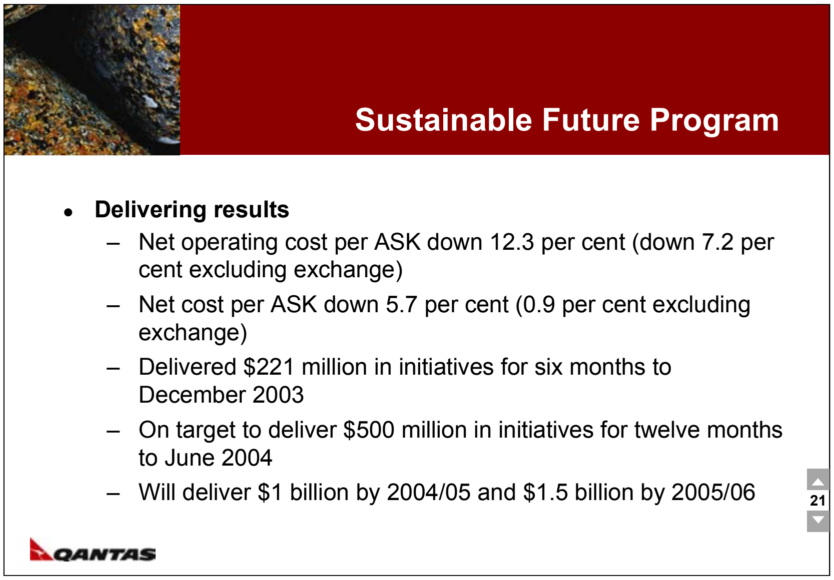
Qantas Freight is also in the final stages of developing a joint venture company in Thailand to operate freighter services through South East Asia.

I want to turn now to the significant progress we have achieved under our Sustainable Future Program. But first I want to clarify the broader framework within which our cost base is being transformed.

Right now, Qantas is restructuring into ten businesses, supported by a Corporate Centre. This restructure will improve the performance and effectiveness of the Group.

Each of the ten businesses is developing detailed implementation plans, with the immediate priorities of further refining existing:

- Service Level Commitments;
- Key Performance Indicators; and
- business operating styles and communication strategies.



This reorganisation, together with the Sustainable Future Program, will drive real efficiencies across the entire group.

Without compromising on safety or on service levels, we aim to generate cost of capital returns for the group over the business cycle, ensuring our long term competitiveness and growth.

For the six months to December 2003, Qantas' net operating cost per ASK fell by 12.3 per cent. After excluding the impact of favourable foreign exchange movements, our net operating cost per ASK still fell by a notable 7.2 per cent.

Even after including the higher depreciation and financing costs associated with our fleet investment program, cost per ASK fell by 5.7 per cent including exchange or by 0.9 per cent excluding exchange.

Sustainable Future Program

$ million	Achieved in six months to December 2003	Targeted for six months to June 2004	Total to be achieved for twelve months to June 2004	Balance to be achieved following June 2004
Labour productivity	**73**	**76**	**149**	**236**
Fleet simplification, product initiatives and overheads	**113**	**141**	**254**	**176**
Distribution initiatives	**35**	**62**	**97**	**88**
Not yet identified	**-**	**-**	**-**	**500**
Total	**221**	**279**	**500**	**1,000**

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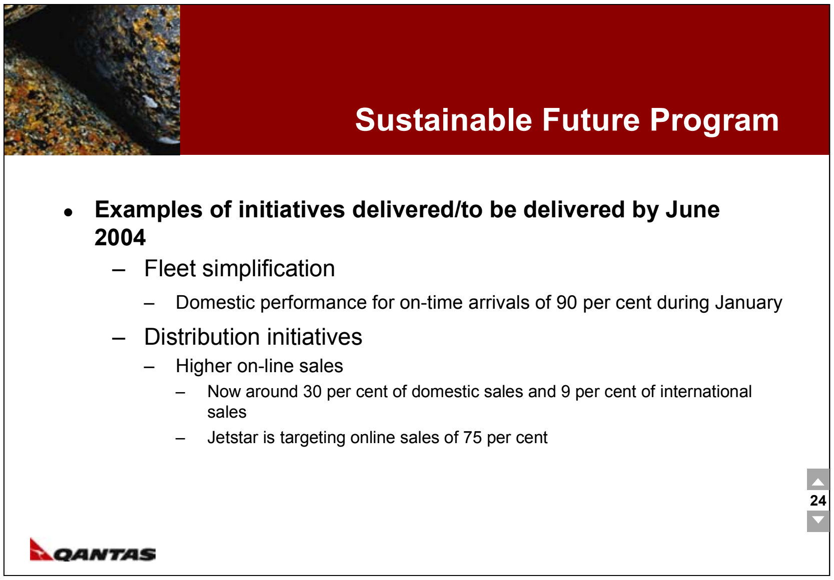
The Sustainable Future Program delivered initiatives totalling $221 million during the six months to December 2003. We are on track to exceed our previous target of $350 million and will now reduce costs by $500 million in 2003/04.

We remain on target to remove $1 billion in net operating costs by 2004/05, but have now extended the program and expect to achieve a further $500 million in efficiency savings in 2005/06.

Initiatives that been delivered so far, or that will be delivered by June 2004, include:

- Labour productivity improvements. Across the Group, the manpower reduction program we undertook during the middle of last year is also yielding productivity savings. Most importantly, all areas of the business are achieving significant success in process change. For example, we will achieve a 13 per cent improvement in domestic cabin crew utilisation.

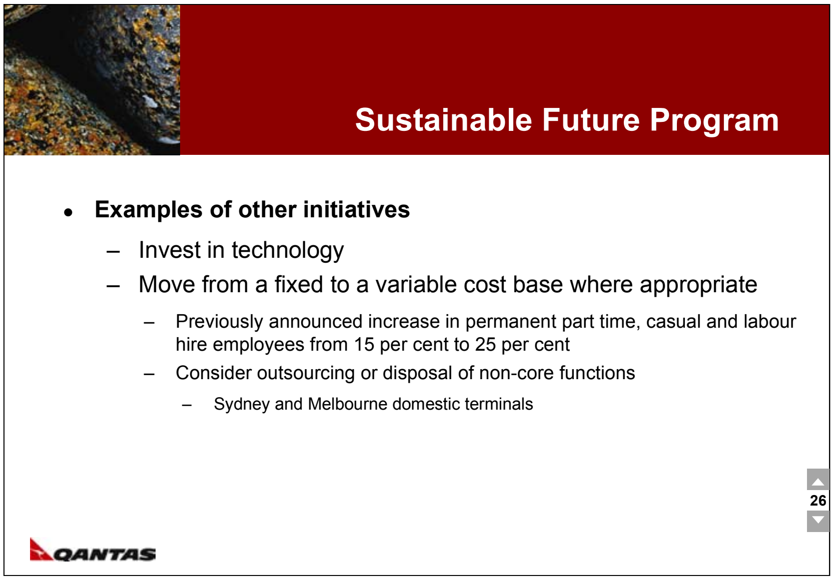
- Fleet simplification. The introduction of new, more efficient aircraft and retirement of older aircraft types is providing maintenance and fuel efficiency savings, and also improving punctuality. Our domestic performance for on-time arrivals during January was 90 per cent.



- Distribution initiatives. Sales made through qantas.com now account for around 30 per cent of all domestic sales and approximately nine per cent of international segments sold in Australia. We expect this trend to continue. Jetstar is targeting online sales of 75 per cent.

Other initiatives include:

- the new domestic fare structure;
- the expansion of QuickCheck kiosks at our airports;
- engineering productivity and process improvements;
- improved arrangements with materials and service suppliers, notably within Catering and Inflight Services;
- working-capital improvements aimed at reducing our borrowing costs; and
- the introduction of a credit card surcharge, to recover part of our considerable banking charges.

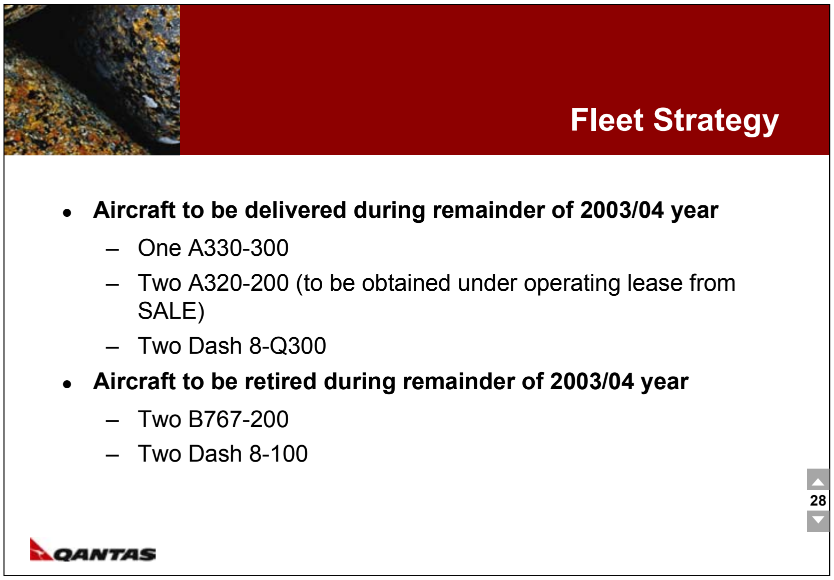


We have also continued to invest in technology, which will deliver substantial efficiency gains in the years ahead.

As an airline, we have the challenge of reacting to variable operating conditions with a cost base that is dominated by fixed costs. So we are also identifying areas in which our fixed costs can be transformed to variable costs, for example:

- as previously announced, an increase in permanent part time, casual and labour hire employees from 15 to 25 per cent, which is still below the Australian average of 27 per cent casual employees; and
- the potential sale of our Sydney and Melbourne terminals. Any sale of these assets would generate cash to apply to our capital expenditure program. However, Qantas is also motivated by transferring the costs related to these assets from fixed – being depreciation and financing costs – to a variable passenger volume-driven cost.

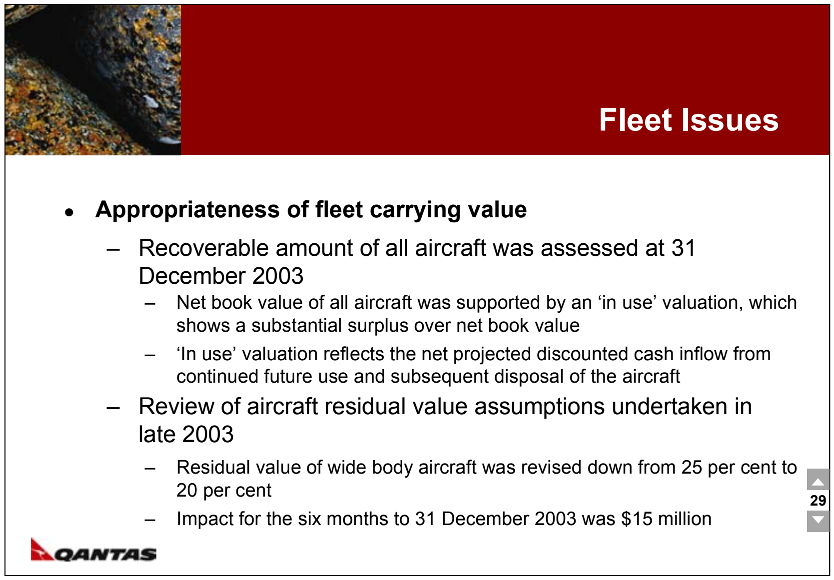
Our fleet strategy is very important to achieving efficiencies under our Sustainable Future Program. We took delivery of eight new aircraft during the period – one B747-400ER, two A330-300s, three B737-800s and two Dash 8-300s. During the same period, we retired two B767-200 aircraft – as previously announced – and returned one B737-400 to its lessor.



Between now and 30 June 2004, we expect to take delivery of one further A330-300 for Qantas, and two A320-200s for Jetstar.

Our remaining four B767-200 aircraft will be retired by October this year.

While on the subject of fleet, I would also like to discuss the appropriateness of Qantas' fleet carrying value.



The recoverable amount for all aircraft was assessed at 31 December 2003. The net book value of all aircraft was supported by an "in-use" valuation, which shows a substantial surplus over net book value. The in-use valuation reflects the net projected discounted cash inflow from continued future use and subsequent disposal of the aircraft. While discounting of cashflows is not required under Australian accounting standards, it provides a more conservative valuation.

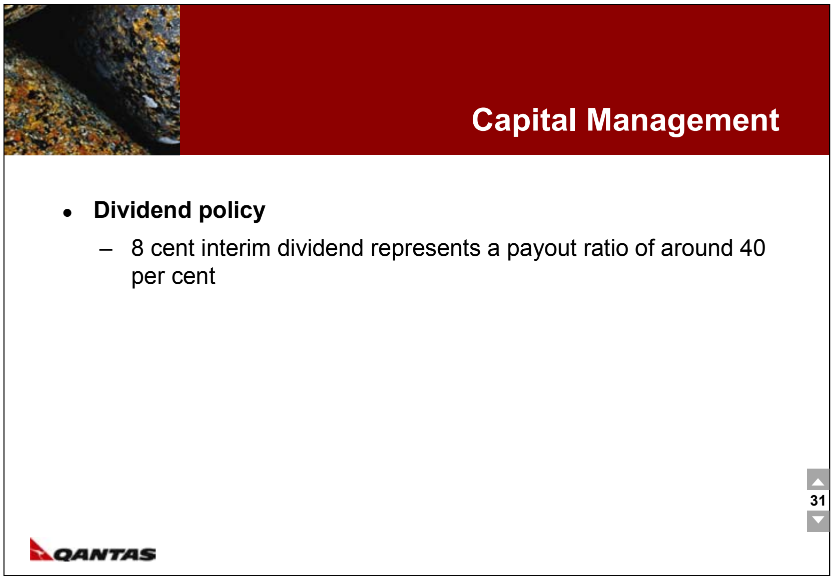
Qantas also undertook a review of aircraft residual value assumptions in late 2003. As a result, the residual value of wide body aircraft – our B747, B767 and A320 aircraft – was revised down from 25 per cent to 20 per cent. The impact of this change for the six months to 31 December was $15 million. A similar impact is anticipated for the second half of the 2003/04 year.

As you are aware, a key tenet of the Qantas strategy is to maintain our investment grade credit rating.

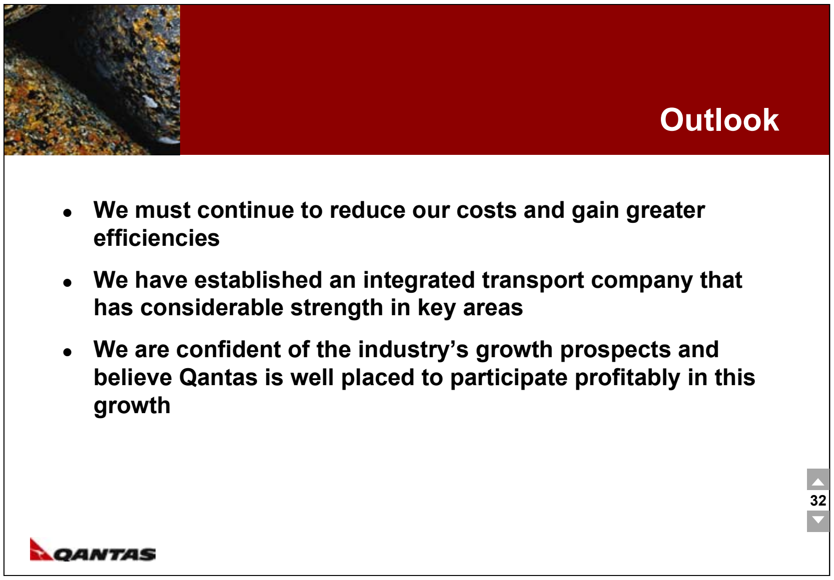
Projected capital expenditure for the three years from 2003/04 to 2005/06 is slightly under $7 billion, including capital expenditure associated with 20 A320s for Jetstar. Favourable foreign exchange movements have helped to reduce our unhedged capital commitments.

This capital expenditure will be funded from operating cashflows and debt. Operating cashflows for the Group have strengthened considerably and totalled just under $1 billion for the six months to December 2003. Our gearing at 31 December 2003 was 50 per cent, including off balance sheet debt, which is at the lower end of our target band of 50 to 60 per cent.

We have no plans to raise equity, other than the continued operation of the Dividend Reinvestment Plan. While we will retain the flexibility of dividend underwriting as an option, we have no commitment to underwrite future dividends.



Our interim dividend of 8 cents per share represents a payout ratio of around 40 per cent. We are comfortable with this payout ratio.

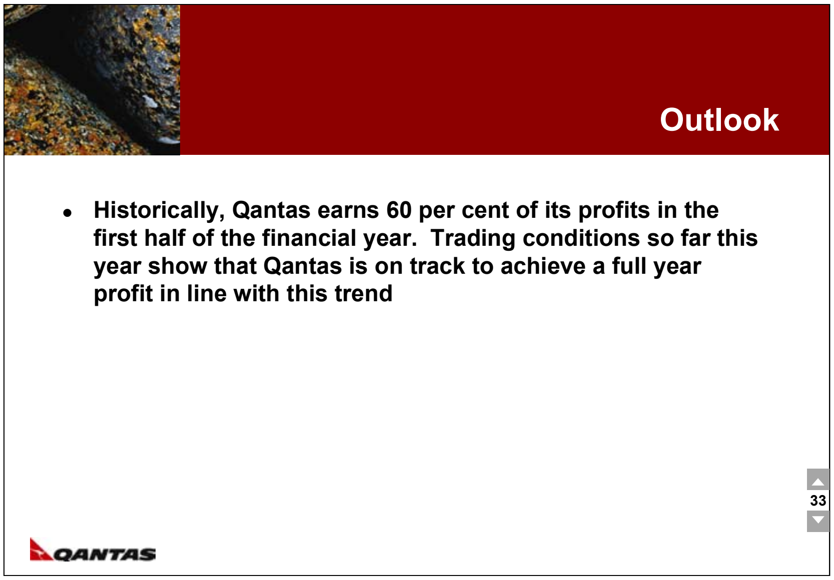


Qantas has emerged from this difficult period with sustained profitability. We have achieved this through removing inefficient practices from our business. At the same time we have continued to invest significantly in aircraft, product and technology.

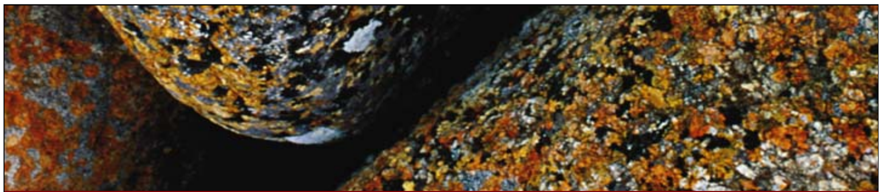
However, we had no choice but to continue down this path, given the structure of the industry we operate in.

We must continue to reduce our costs and gain greater efficiencies. But we have established an integrated transport company that has considerable strength in key areas.

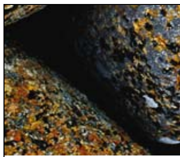
We are confident of the industry's growth prospects and believe Qantas is well placed to participate profitably in this growth.



Historically, Qantas earns 60 per cent of its profits in the first half of the financial year. Trading conditions so far this year show that Qantas is on track to achieve a full year profit in line with this trend.



2003/04 Interim Results
Supplementary Information



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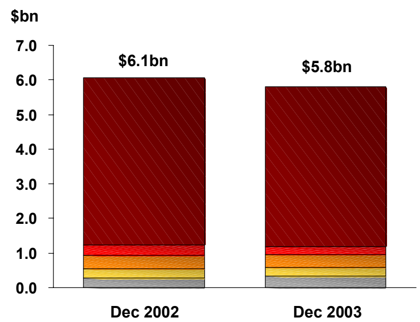
Revenue



- Net passenger revenue down 4.8%
- Net freight revenue down 13.8%
- Tours and travel sales down 8.7%
- Contract work revenue down 10.6%
- Revenue from other sources up 24.2%

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Revenue

- **Sales and operating revenue down 4.4% (down 0.7% excluding exchange)**
  - Net passenger revenue down 4.8% (down 0.9% excluding exchange)
    - Group RPKs down 0.8%
    - Group yield per RPK down 5.2% (down 1.1% excluding exchange)
  - Net freight revenue down 13.8% (down 4.8% excluding exchange)
    - Reduction in saleable freight capacity associated with a 5.2% fall in international ASKs
    - Freight yield per RFTK down 5.7% (up 4.2% excluding exchange)

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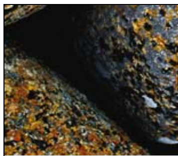

Revenue

- Tours and travel sales down 8.7% (down 3.1% excluding exchange)
  - Effect of SARS and the war in Iraq during first quarter
- Contract work revenue down 10.6% (down 10.2% excluding exchange)
  - Decrease in work performed by Qantas Defence Services during the period, due to cessation of B707 maintenance and sale of the QDS Bankstown facility in May 2003
- Revenue from other sources up 24.2% (up 21.1% excluding exchange)
  - Increase in ticket change fees following introduction of new domestic fare structure

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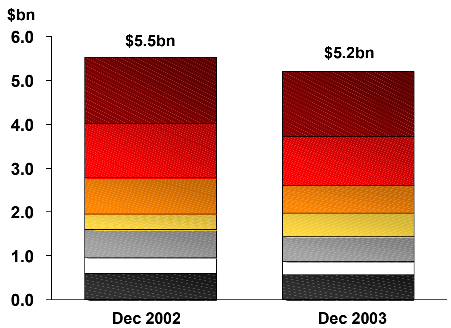
Expenditure



- Manpower and staff related down 2.5%
- Aircraft operating variable down 11.3%
- Fuel and oil down 20.3%
- Depreciation and amortisation up 49.4%
- Tours and travel cost of sales down 10.6%; Selling and marketing down 12.9%
- Capacity hire down 27.5%; Non-cancellable operating lease rentals down 4.0%
- All other expenditure down 4.3%

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Expenditure

- **Expenditure excluding net borrowing costs down 6.0% (1.1% excluding exchange)**
  - Manpower and staff related costs down 2.5% (down 2.0% excluding exchange)
    - Group ASKs down 0.5%
    - Average FTEs down 3.5%
    - Partially offset by a 3% increase in wage rates under current EBAs and bracket creep

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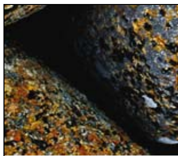

Expenditure

- Variable aircraft operating costs down 11.3% (down 6.1% excluding exchange)
  - Lower engineering materials costs through reduced activity, renegotiation of B717-200 maintenance contracts and fleet simplification (progressive retirement of B767-200s and BAe146s)
  - Lower landing fees, aviation charges and crew expenses associated with reduced FTEs and activity, particularly 5.2% fall in international ASKs

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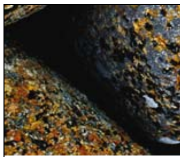

Expenditure

- Fuel and oil costs down 20.3% (down 6.0% excluding exchange)
  - Increase of $31.0 million due to 7.5% increase in USD fuel prices
  - Decrease of $46.9 million due to hedging benefits
  - Decrease of $32.4 million due to reduced activity and more fuel efficient new aircraft
  - Decrease of $116.3 million due to favourable foreign exchange movements

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Expenditure

- Depreciation and amortisation costs up 49.4% (49.4% excluding exchange)
  - New aircraft between June and December 2002 (3 x B747-400ER, 6 x B737-800, 1 x A330-200)
  - New aircraft between December 2002 and June 2003 (2 x B747-400ER, 3 x B737-800, 3 x A330-200)
  - New aircraft since June 2003 (1 x B747-400ER, 3 x B737-800, 2 x A330-300)
  - Aircraft retired since December 2002 (1 x B747-200, 3 x B767-200, 3 x B737-300)
  - Increase of $15.0 million due to change in residual value for widebody aircraft from 25% to 20%

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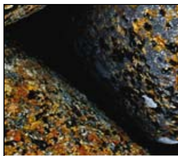

Expenditure

- Tours and travel cost of sales down 10.6% (up 0.2% excluding exchange)
  - Compares with a 8.7% decrease (down 3.1% excluding exchange) in tour and travel sales
- Selling and marketing costs down 12.9% (down 8.2% excluding exchange)
  - International RPKs down 5.8%
  - Continued migration of domestic sales to qantas.com
  - Online sales currently account for 30% of all domestic bookings and approximately 9% of international bookings

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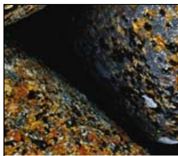

Expenditure

– Capacity hire costs down 27.5% (down 21.9% excluding exchange)
  – Termination of post-Ansett short-term operating leases (2 x B767-300, 1 x B737-800, 1 x B737-300)
– Non-cancellable operating lease rentals down 4.0% (up 4.6% excluding exchange)
  – Refinancing of aircraft from finance lease to operating lease (2 x B747-400)
  – Offset by return of aircraft to lessors (1 x B747-400, 5 x BAe146)

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Expenditure

- Property costs up 5.8% (up 7.5% excluding exchange)
  - Increased rent and facility costs generally
  - Use of T2 in Sydney from September 2002
- Computer and communications up 1.7% (up 11.9% excluding exchange)
  - Increased spend on eQ and Jetsmart (an Engineering Technical Operations and Maintenance Services project)

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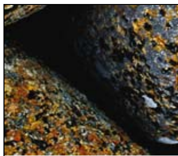

Expenditure

- Other costs down 16.8% (down 23.0% excluding exchange)
  - Lower insurance premiums following an improvement in insurance markets
- Cost per ASK down 5.7% (down 0.9% excluding exchange)
  - Net operating cost per ASK down 12.3% (down 7.2% excluding exchange)
- Net impact of foreign exchange movements on statement of financial performance
  - Favourable variance of $45.2 million to prior half-year

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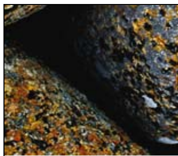
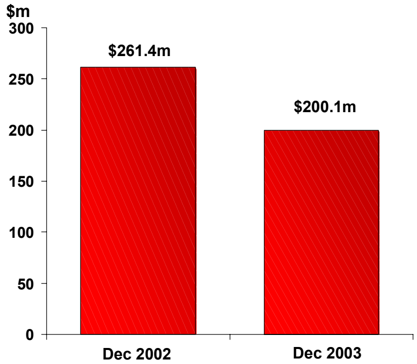
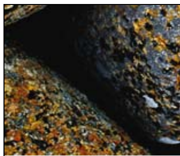


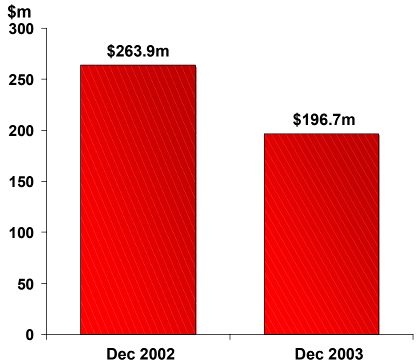
International - Qantas and Australian Airlines



- EBIT of $200.1m, or 33.3% of Group EBIT
- RPKs down 1.5%
- ASKs down 0.1%
- Seat factor down 1.1% pts to 79.3%
- Yield excluding exchange decreased by 0.2%



International - Qantas Airlines



- EBIT of $196.7m, or 32.7% of Group EBIT
- RPKs down 5.8%
- ASKs down 5.2%
- Seat factor down 0.6% pts to 80.0%
- Yield excluding exchange increased by 0.1%

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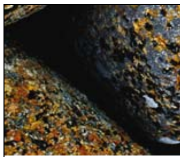
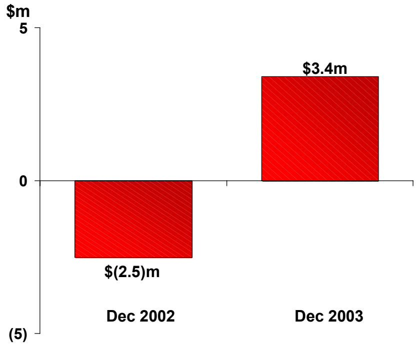


International - Australian Airlines



- EBIT of $3.4m, or 0.6% of Group EBIT
- RPKs up 250.4%
- ASKs up 251.0%
- Seat factor down 0.1% pts to 69.3%
- Yield excluding exchange decreased by 6.4%

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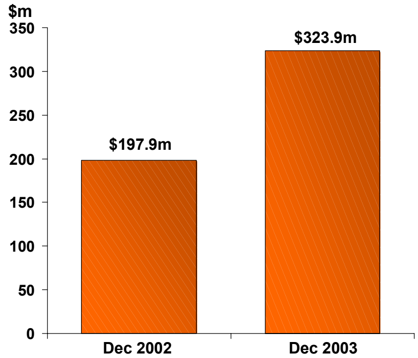
Domestic - Qantas and QantasLink



- EBIT of $323.9m, or 53.8% of Group EBIT
- RPKs up 0.6%
- ASKs down 1.3%
- Seat factor up 1.5% pts to 80.7%
- Yield excluding exchange decreased by 2.8%

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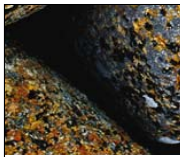
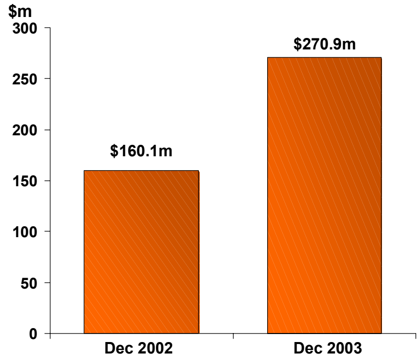


Domestic - Qantas Airlines



- EBIT of $270.9m, or 45.0% of Group EBIT
- RPKs up 2.2%
- ASKs up 0.2%
- Seat factor up 1.6% pts to 81.4%
- Yield excluding exchange decreased by 2.2%

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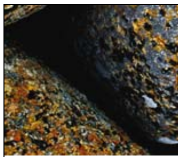
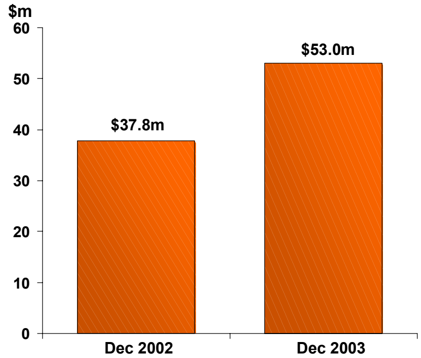


Domestic - QantasLink



- EBIT of $53.0m, or 8.8% of Group EBIT
- RPKs down 14.4%
- ASKs down 14.8%, due to retirement of five BAe146 aircraft
- Seat factor down 0.3% pts to 74.2%
- Yield excluding exchange increased by 0.6%

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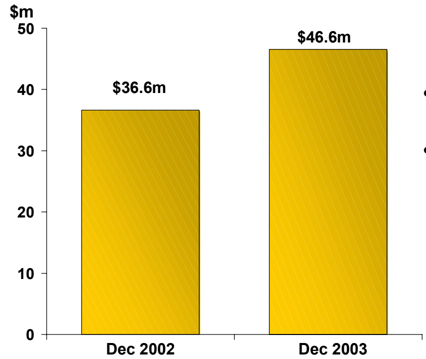
Qantas Flight Catering



- EBIT of $46.6m, or 7.7% of Group EBIT
- Reflects:
  - Increase in revenue from external airline customers
  - Comprehensive cost saving program

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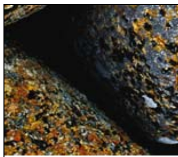
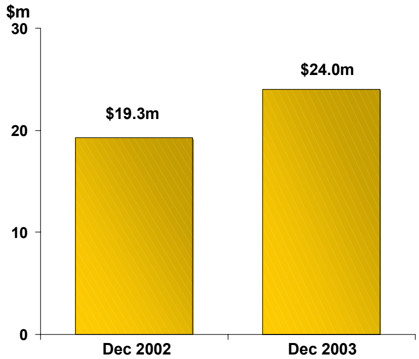


Qantas Holidays



- EBIT of $24.0m, or 4.0% of Group EBIT
- Reflects:
  - Effect of SARS and the war in Iraq during first quarter
  - Comprehensive cost saving program

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Other Subsidiaries and Associates

– Australian Air Express:
  – EBIT of $6.2 million, down $1.5 million
  – Effect of a negotiated increase in the rates paid for freight capacity leased from Qantas
– Qantas Defence Services:
  – EBIT of $3.2 million, down $0.9 million
  – Reflects cessation of B707 maintenance and sale of the QDS Bankstown facility in May 2003
– Air Pacific:
  – EBIT of $0.2 million, down $3.9 million
  – Effect of SARS and the war in Iraq
  – Note that Air Pacific has a March year end - equity accounted result covers half-year from April to September 2003

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Other Subsidiaries

- Other remaining subsidiaries and associates
  - Combined EBIT loss of $2.7 million, down $8.6 million
  - Contributions from other associated companies and financing vehicles that are wholly-controlled entities of Qantas

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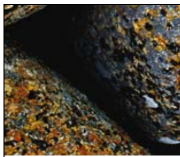

Balance Sheet and Cashflow

		December 2003	December 2002	Increase/ (decrease) %
Capital expenditure	$m	**1,104.6**	**2,000.5**	**(44.8)**
Capitalised interest	$m	**24.2**	**49.3**	**(50.9)**
Operating cashflow	$m	**966.6**	**909.1**	**6.3**
Net debt *	$m	**5,599.4**	**4,599.8**	**21.7**
Total equity **	$m	**5,587.6**	**5,135.9**	**8.8**
Leverage *	%	**50**	**47**	**3**
Interest cover ***	times	**4.7**	**7.9**	**(40.5)**

* Includes off balance sheet debt and revenue hedge receivables
** Adjusted for capitalisation of non-cancellable operating leases
*** Calculated as EBIT divided by gross interest expense

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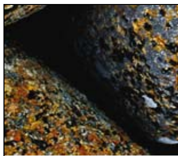

Group Operational Aircraft Fleet

	December 2003	June 2003	Increase/ (decrease)
Boeing 747-400ER	**6**	4	**2**
Boeing 747-400	**24**	24	**-**
Boeing 747-300	**6**	6	**-**
Boeing 767-300ER	**29**	29	**-**
Boeing 767-200ER	**4**	6	**(2)**
Boeing 737-800	**21**	18	**3**
Boeing 737-400	**22**	22	**-**
Boeing 737-300	**17**	21	**(4)**
Airbus A330-200	**4**	4	**-**
Airbus A330-300	**2**	-	**2**
Total Core Fleet *	**135**	134	**1**
Total QantasLink Fleet	**57**	62	**(5)**
Total Qantas Fleet	**192**	196	**(4)**

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*Includes five B767-300ER aircraft operated by Australian Airlines