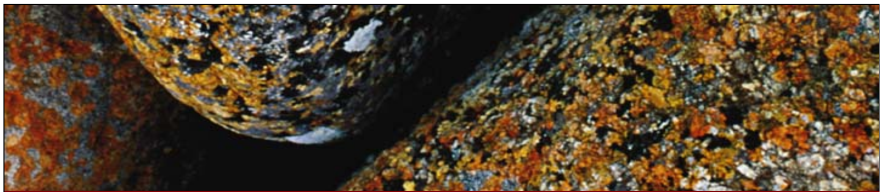
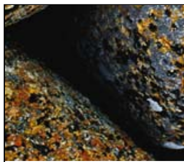


2002/03 Full Year Results
Presentation to Investors

21 August 2003

Geoff Dixon
Chief Executive Officer

QANTAS



Highlights

		Twelve months to June 2003	Twelve months to June 2002	Increase/ (decrease) %
Sales and operating revenue*	$m	**11,374.9**	**10,968.8**	**3.7**
Expenditure*	$m	**(10,807.9)**	**(10,289.5)**	**5.0**
EBIT	$m	**567.0**	**679.3**	**(16.5)**
Net borrowing costs	$m	**(64.7)**	**(48.3)**	**34.0**
Profit before tax	$m	**502.3**	**631.0**	**(20.4)**
Net profit after tax	$m	**343.5**	**428.0**	**(19.7)**
Earnings per share	¢	**20.0**	**29.1**	**(31.3)**
Dividend per share	¢	**9.0**	**9.0**	**-**

* Passenger and freight revenue is now reported net of discounts and base commissions. Passenger revenue is now reported inclusive of passenger recoveries. Relevant expenditure categories and prior year comparatives have also been adjusted accordingly

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I intend to depart from the usual format for these presentations - the details of the results are in the handouts provided to you. I will not go into the detail except to say we announced a profit before tax of $502.3 million for the year ended 30 June 2003. The net profit after tax was $343.5 million.

As you all know, it continues to be a difficult environment for full service airlines such as Qantas. Nevertheless we have remained one of the most profitable airlines in the world - a result of a sustained period of product improvement and cost containment.

However, with the continuing difficulties the industry faces, incremental change will not be sufficient to provide the returns we need.

And while it is pleasing to deliver a profit in the current environment, more change is required to get the airline back to returning its cost of capital.

It is on the strategies that will deliver this change that I wish to focus today in my presentation. Peter Gregg,Grant Fenn and I will answer any questions when I finish.

[slide continued over]

Highlights

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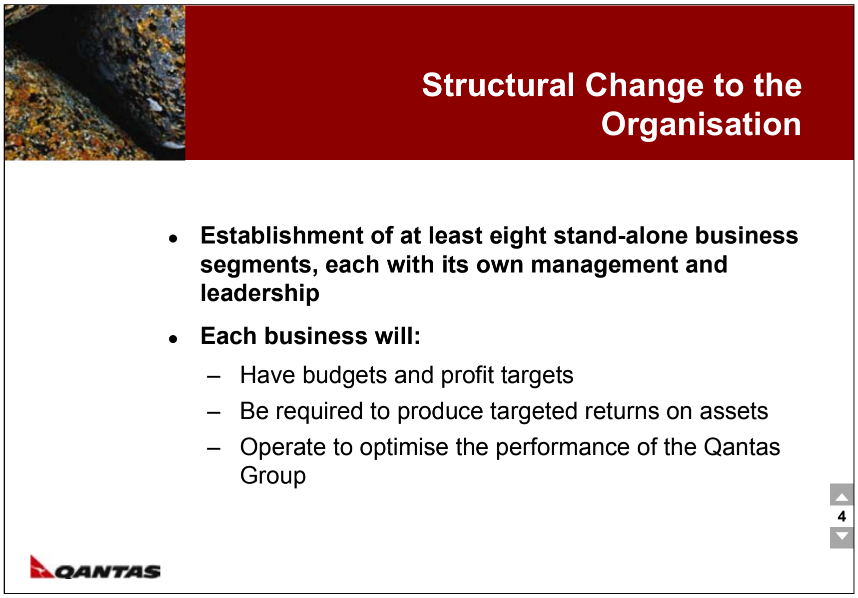
Before outlining these strategies it is worth noting that prior to the war in Iraq, the SARS outbreak and the increased emphasis on terrorism, Qantas was on track to make a record profit. Those events decimated our second half, much like most airlines around the world.

Qantas is and will remain a full service airline. This means that our strategies will be directed at protecting our network carrier status.

This will require us to continue to improve our product, both domestically and internationally, while reducing costs further through fleet simplification and cost convergence to our competitors.

What does this mean?



Last week, we informed our staff of a reorganisation that will progressively be rolled out across the Qantas group of companies during the coming months.

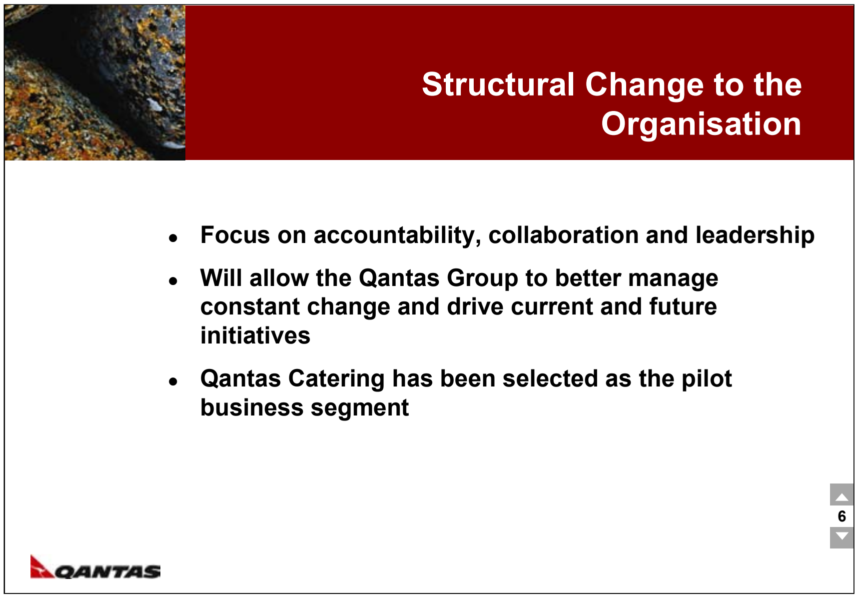
The reorganisation will involve the establishment of at least eight stand-alone businesses, with their own management and leadership. Each business will have budgets and profit targets and will be required to produce targeted returns on assets, while at the same time operating to optimise the performance of the whole group.

I am confident that the reorganisation, when fully established over the next 18 months, will greatly improve our performance in all areas, allowing us to compete and grow more effectively.

We have identified three types of businesses at Qantas:

- The flying businesses, incorporating all flying conducted By Qantas, Australian Airlines and Qantaslink;
- The flying services, including Engineering and Maintenance and Airports; and
- Our associated businesses, Catering, Freight, Qantas Holidays and Qantas Defence Services.

A corporate centre, including a shared services division, will provide information technology, human resources, financial services and other support functions to each business segment.

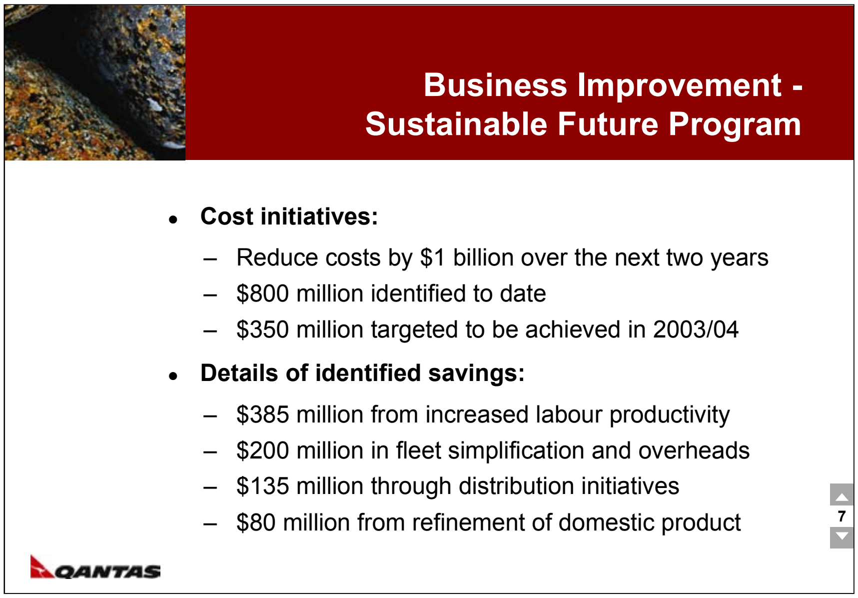


Critical to success of the reorganisation will be a focus on accountability, collaboration and leadership.

Work on the program has already commenced, with Qantas catering selected as the pilot business segment.

Managing the amount of change needed at Qantas, or at any traditional airline, has become a very complex task and organisational structures set up under past conditions no longer can deliver the outcomes required.

I believe the reorganisation will better enable us to manage the constant change and drive initiatives now in place – and others that will be required – so we maintain our reputation for excellence in everything we do.



In regard to costs and efficiencies, we are currently implementing the initiatives identified within the sustainable future program.

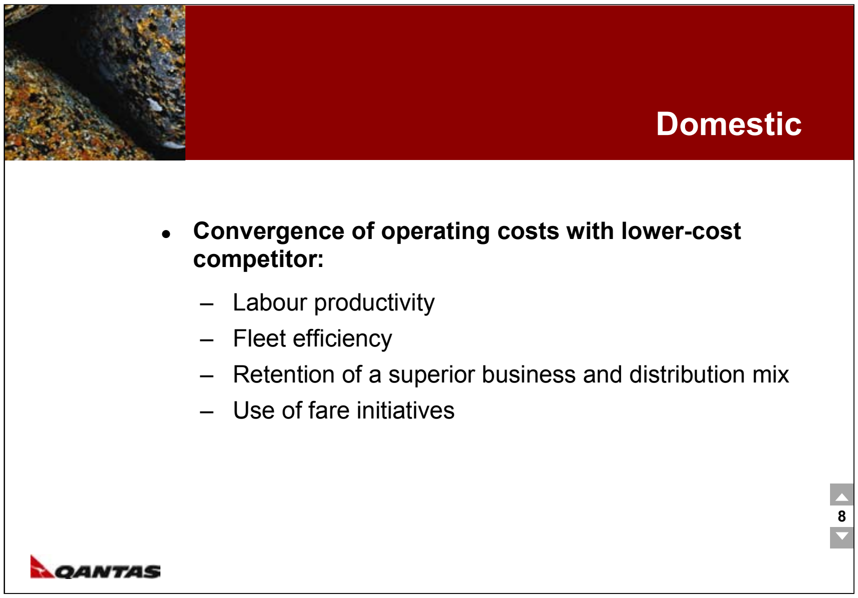
Sustainable future is looking at all aspects of the business, with the objective of reducing our cost base by $1 billion. Denis Adams was recently seconded to this program to accelerate the delivery of these savings to within two years.

To date, $800 million in cost saving initiatives have been identified, $350 million of which are targeted to be achieved in 2003/04.

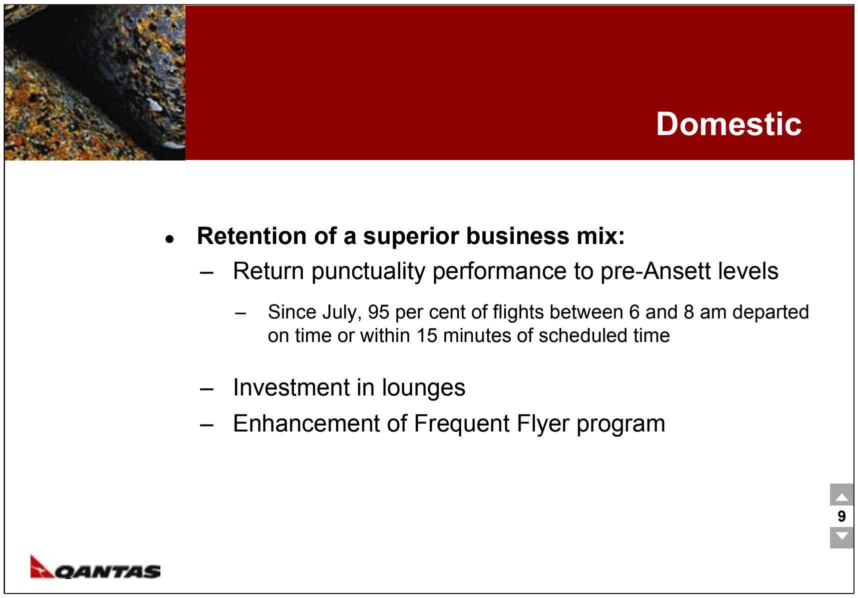
The broad areas in which the identified savings will be achieved are:

- $385 million from an increase in labour productivity;
- $200 million in fleet simplification and other overheads;
- $135 million through distribution initiatives, including Increased automation of domestic distribution; and
- $80 million from refinement of domestic product.

I will take you through these initiatives by business segment.



Firstly, our domestic operations. Our strategy includes a convergence of all our operating costs towards our lower-cost rival, Virgin Blue, with an emphasis on labour productivity and fleet efficiency, subject, of course, to capital management constraints. The retention of a superior business mix, distribution mix and fare initiatives are equally important.



Continuing to achieve this superior business mix, and hence a margin over Virgin, is key to our strategy.

To this end we will enhance our position as the preferred carrier for business and premium leisure passengers by retaining, but refining, our premium service.

Qantas grew almost seven years overnight in the wake of Ansett's collapse and we are the first to admit this has put pressure on our product and service, including punctuality.

We see punctuality as essential in attracting and retaining our premium customers, and have formed a group charged with returning our on time departure performance to pre-Ansett levels, with 100 per cent of our first flights of the day departing on time. We have already seen an improvement since early July, with
95 per cent of our flights between six and eight am leaving on time or within 15 minutes of the scheduled time.

New lounges are being built and existing ones upgraded. Our Frequent Flyer program continues to be enhanced.

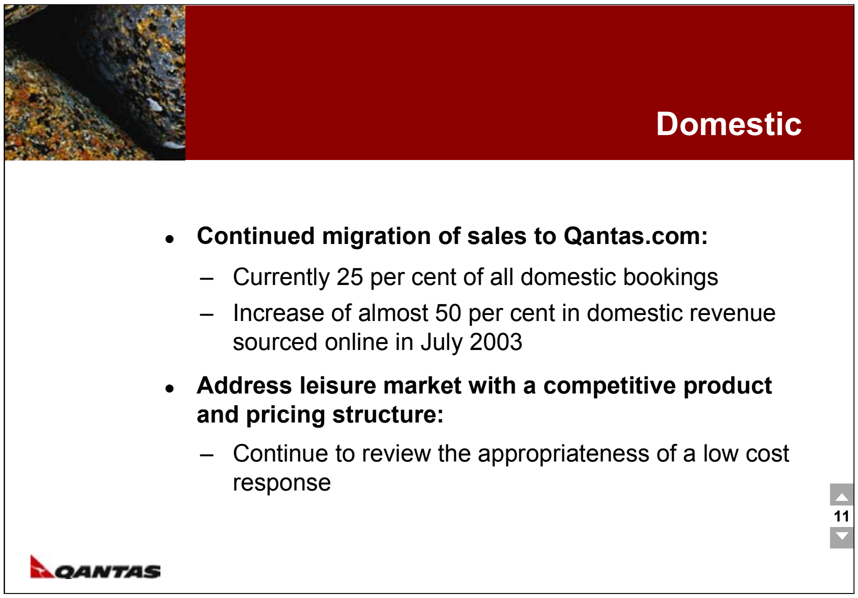
We are also investing significantly in our staff to deliver higher levels of customer satisfaction. This service training has led to a significant improvement in customer satisfaction levels over the last nine months.

Business class will be retained domestically, but seating will be reduced to three rows on all domestic narrowbody aircraft, providing more economy seats.

There will be new, higher quality meals and snacks in all classes, but at a reduced cost through more efficient logistics.

Our new domestic fare structure, valid for travel from 1 July, has removed complexity and allowed greater flexibility than before. It has already gone some way to arresting the yield decline.

A new card offering with American Express will attract small and medium enterprises with benefits previously only available to larger corporates.

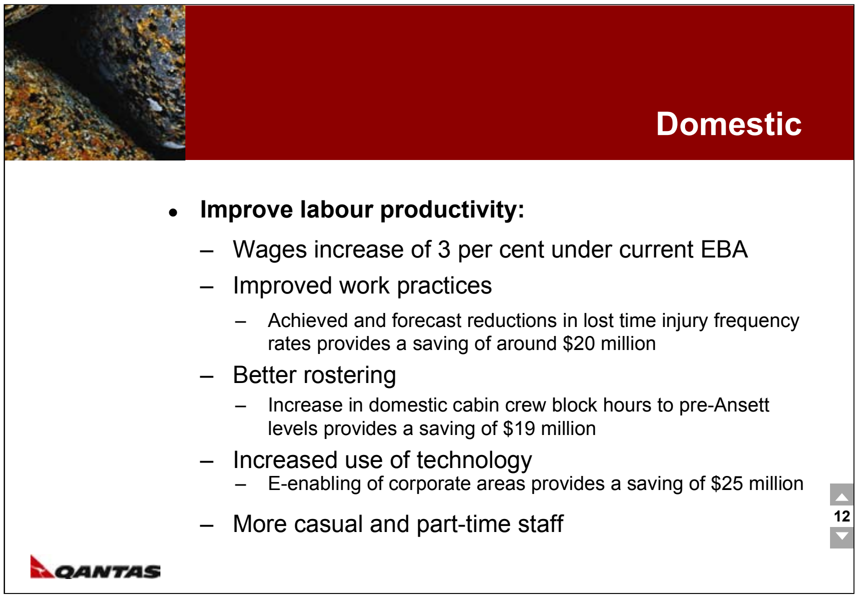


Online sales currently account for 25 per cent of all domestic bookings and approximately 6 per cent of international bookings. We will continue to migrate sales to this more cost efficient channel.

Recent changes to the online booking engine, together with our new domestic fare structure, have resulted in an increase of almost 50 per cent in domestic revenue sourced online for July 2003. Conversion rates - the number of website visitors booking a ticket - reached as high as 80 per cent in July, almost double their previous levels.

For the leisure passenger, we will provide a competitive product and pricing structure.

The board has also authorised a team to consider and provide a business case for the launch of a value based “no frills” airline for the leisure market in Australia.

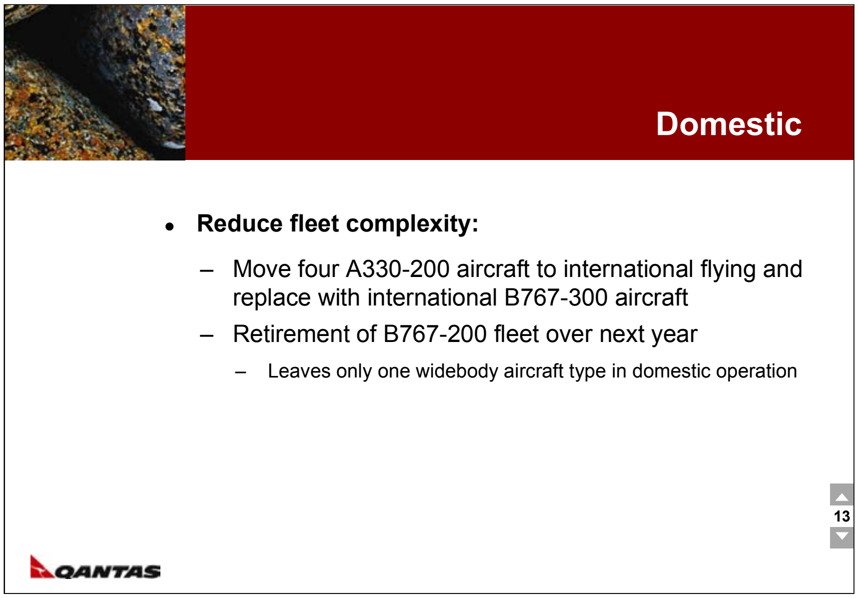


On labour costs, we have achieved some significant convergence with Virgin – our current round of EBA negotiations has provided a wages increase of 3 per cent per annum, 5 per cent less than virgin over an equivalent three year period. However, more needs to be done and our strategy seeks an even more productive workforce by means of improved work practices, better rostering, increased use of technology and more casual and part-time staff.

For example, the introduction of two new employee safety programs has reduced lost time injury frequency rates by 50 per cent during 2002/03. We are targeting a further 50 per cent reduction in the current rate by June 2004. The annualised impact of these savings is in the order of $20 million per annum.

A 13 percent increase in domestic cabin crew utilisation will be achieved by increasing crew block hours from 571 to pre-Ansett levels of 645 per year. This improvement equates to a productivity improvement of $19 million.

The e-enabling of corporate areas is expected to yield further savings of $25 million.

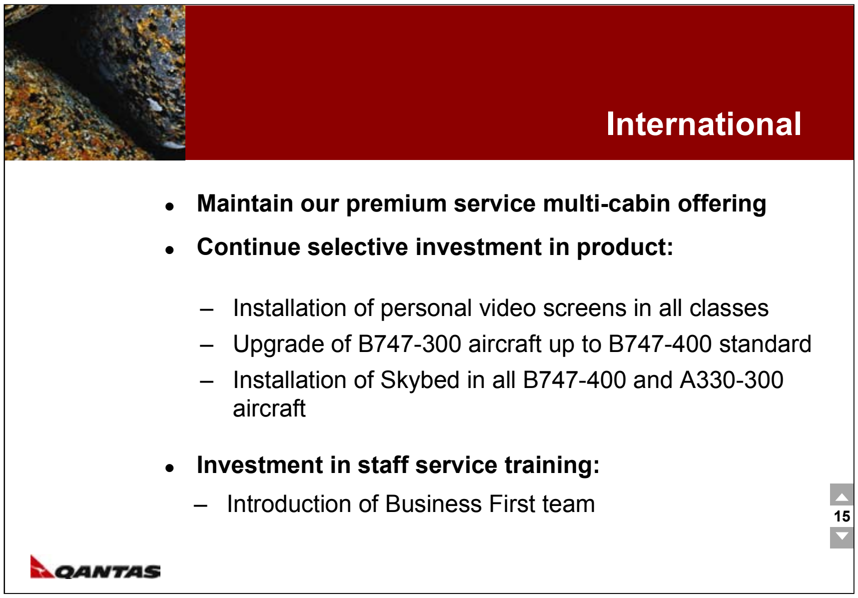


We will simplify our domestic fleet and achieve greater commonality by removing two aircraft types:

- As previously announced, the 767-200s will be progressively retired over the coming twelve months; and

- The four A330-200 aircraft will be moved to the international operation, and will be replaced with 767-300s currently operating in the international market, leaving only one widebody aircraft type in our domestic operation.

We will also continue to refine our product and the cost base of our international airline.



We intend to maintain our premium service multi-cabin offering, and to continue to selectively invest in our product.

We recently completed an in-flight entertainment upgrade throughout our entire fleet of 747-400 aircraft, including personal video screens throughout the economy cabin and larger video screens in first and business class.

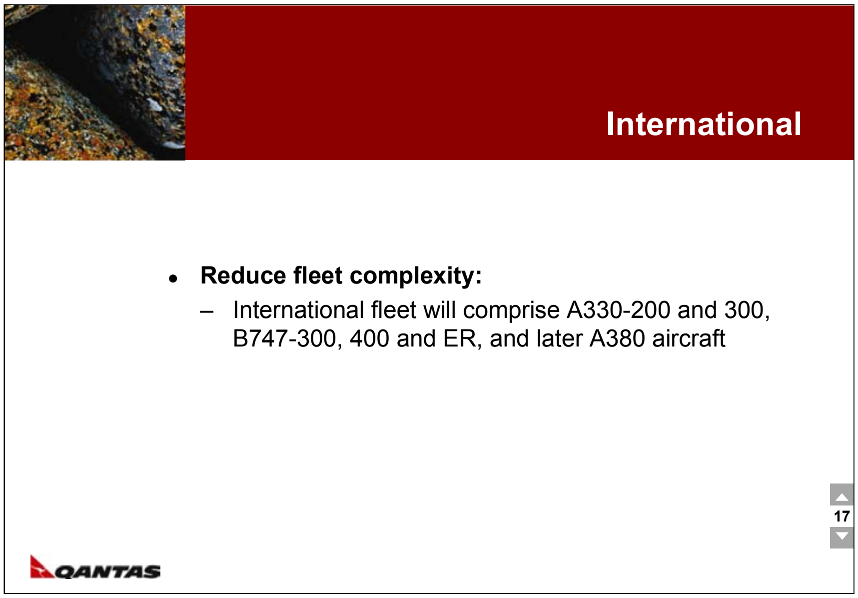
We have also commenced upgrading our 747-300 aircraft to 747-400 standards, offering a more consistent style of service across the international fleet.

Skybed, our state of the art cocoon-style sleeper seat will be installed throughout all of our 747-400s and A30-300s. The first 747 to carry this new product will be flying by next month, with the remainder to be fitted over the coming year. The first fitted A330-300 aircraft will be flying in august next year.

As in our domestic operation, we are investing significantly in training our people. This investment has contributed to an eight per cent increase in international customer satisfaction levels over the last nine months. The introduction of the business first team, a group of dedicated first and business class cabin crew, will further improve our premium customer experience.

At the same time, we will reduce costs wherever possible. An example of this is the reconfiguration of eight 747-400s into a two class format to fly between Australia and Europe, providing 488 more seats - the equivalent of 1.3 additional 747-400 aircraft.

Australian airlines, with its fleet of all-economy 767-300 aircraft, will continue to serve as our growth vehicle in profitable leisure markets that cannot sustain premium class operations. Likewise, we will grow Jetconnect to provide a lower cost offering on the Tasman route and in New Zealand.



The international fleet will comprise A330 200 and 300 aircraft and 747-300 and 400 aircraft, and from November 2006, A380 aircraft. Arrival of the A380 will facilitate retirement of the 747-300 aircraft. 767-300 aircraft will be moved to domestic and Australian Airlines flying. Australian airlines will operate a fleet of five 767-300s from late October.

We believe the A380 is a natural fit for Qantas. It provides for growth at slot constrained airports, as well as providing a reduction in cost per ask in the order of 15 to 20 per cent. The arrival of the A380 will coincide with our next major international product upgrade.

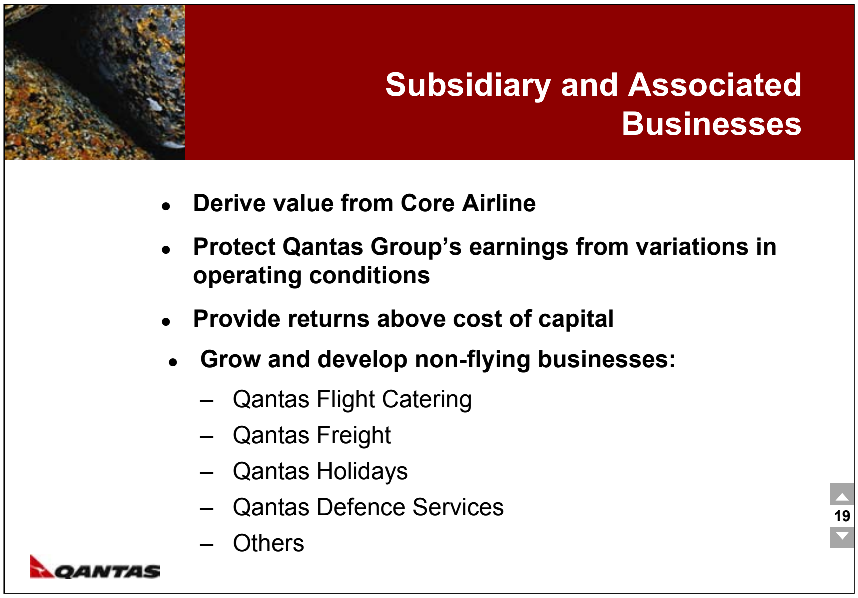
Partnerships form an important part of our flying strategy, particularly those with British Airways and **one**world and the proposed alliance with Air New Zealand.

We are still in discussions with the ACCC and NZCC on the Air New Zealand alliance. It is a complex and time-consuming process. If our arguments are rejected by both or either body, we have other avenues of appeal - which are likely to be taken.

It is important to note, however, that we still believe in the arrangement. A tie-up of Air New Zealand and Qantas will be good for the airlines, good for consumers and good for aviation.

British airways remains a key partner and our joint services agreement with BA is due for reapproval by the ACCC. We are confident that the ISA meets all required obligations set by the regulator, and that approval will be given shortly after a final determination on our proposed alliance with Air New Zealand is announced.

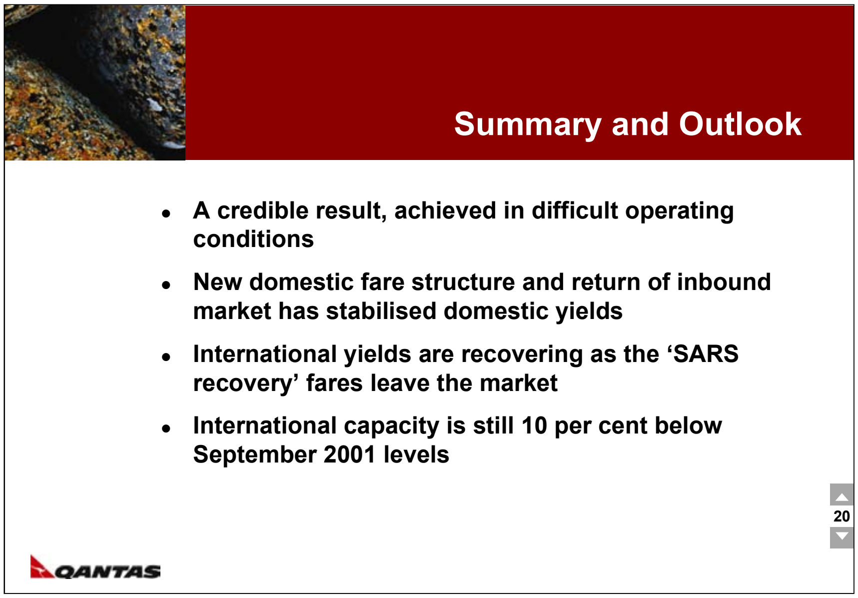
We will continue to leverage off the strength of all our alliance partners, including BA, American Airlines, Japan Airlines, South African Airways and Cathay Pacific, as they are invaluable in maximising our potential in our key international markets.



While our subsidiaries and associated businesses derive much of their value from the core airline, these businesses have consistently acted to protect the group's earnings from the full extent of variations in operating conditions.

Collectively, our subsidiaries and associated businesses recorded an improved financial result for the twelve months to June 2003 - an exceptional achievement, in what amounted to a very challenging operating environment.

These businesses provide returns above their collective cost of capital, for relatively little incremental capital expenditure. We remain committed to retaining and growing each of these businesses over coming periods.



In summary, Qantas has achieved a very credible result, in what could only be described as exceptional operating circumstances.

As I mentioned earlier, the introduction of our new domestic fare structure and a growing return of the inbound market has stabilised domestic yields.

International yields are recovering as the ‘SARS recovery’ fares leave the market. However, international capacity is still approximately 10 per cent below September 2001 levels .

Summary and Outlook

- **Targeting an improvement in performance during the coming year**
- **It is clear that the coming year will be a year of transition**

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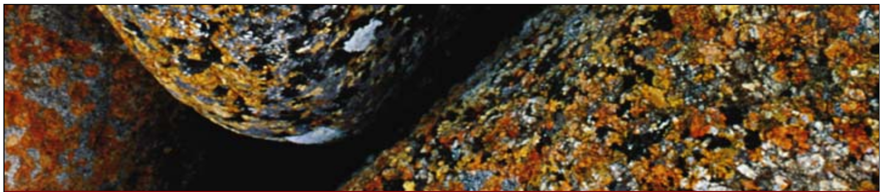
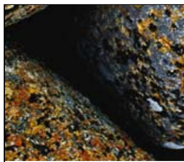
While conditions in the industry remain challenging and it is still early in the new financial year, Qantas expects to improve on its performance in 2003/04 while continuing to invest in its fleet, product and service.

We will reserve providing any further guidance on our outlook for the current year until we have seen our performance over the northern summer. We are seeing good enquiry levels around the time of the Rugby World Cup and are hopeful it will provide a much needed catalyst for a return to pre-war and SARS demand levels.

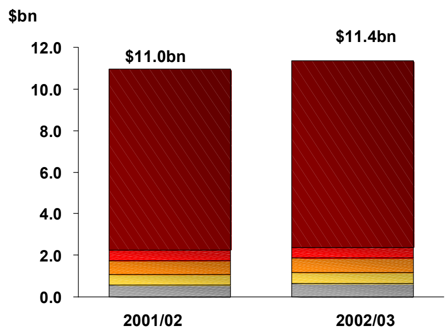
However, it is clear that the current year will be a year of transition, as we move to implement the strategies that will underpin our future competitiveness and growth.



2002/03 Full Year Results
Supplementary Information



Revenue (including exchange)



- Net passenger revenue up 3.1%
- Net freight revenue down 1.4%
- Tour and travel sales up 3.2%
- Contract work revenue up 10.8%
- Revenue from other sources up 11.3%

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Revenue (including exchange)

- **Sales and operating revenue up 3.7%**
  - Net passenger revenue up 3.1%:
    - Group RPKs up 2.8%
    - Group yield per RPK down 1.7% including exchange
  - Net freight revenue down 1.4%:
    - Reduction in saleable freight capacity associated with a 3.4% fall in international ASKs
    - Partially offset by an improvement of 2.8% in freight yield per RFTK including exchange

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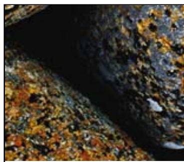

Revenue (including exchange)

- Tour and travel sales up 3.2%:
  - Unfavourable operating environment offset by demand generating activities in Qantas Holidays' Australian operation
- Contract work revenue up 10.8%:
  - Increase in work performed by Qantas Defence Services during the period
- Revenue from other sources up 11.3%:
  - Higher aircraft lease revenue

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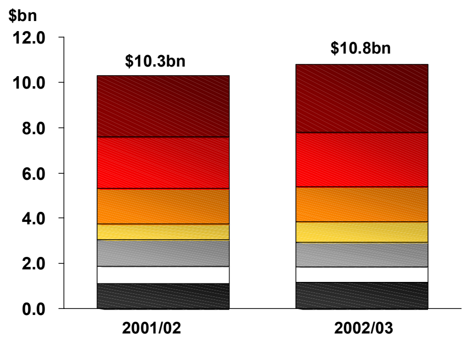
Expenditure (including exchange)



- Manpower and staff related up 12.2%
- Variable aircraft operating up 5.1%
- Fuel and oil down 1.9%
- Depreciation and amortisation up 28.5%
- Tour and travel cost of sales down 3.5%; Selling and marketing down 10.1%
- Capacity hire down 23.7%; Non-cancellable operating lease rentals up 11.0%
- All other expenditure up 6.9%

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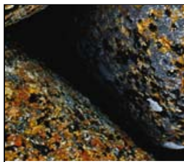

Expenditure (including exchange)

- **Expenditure, excluding net borrowing costs up 5.0%**
  - Manpower and staff related costs up 12.2%:
    - 3% increase in wage rates under current EBAs and bracket creep
    - Increase in domestic activity, which requires higher levels of manpower per ASK than international
    - $115 million redundancy provision
    - Higher superannuation contributions offset by staff incentives paid in prior year

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Expenditure (including exchange)

- Variable aircraft operating costs increased by 5.1%:
  - Higher airport and security charges
  - Higher ground handling charges and passenger expenses in line with 3.7% increase in Group ASKs
- Fuel and oil costs down 1.9%
  - Increase of $209.2 million due to 15.8% increase in fuel prices
  - Decrease of $107.6 million due to hedging benefits
  - Decrease of $5.3 million due to more fuel efficient new aircraft offset by higher ASKs
  - Decrease of $125.9 million due to favourable foreign exchange movements

Expenditure (including exchange)

- Depreciation and amortisation costs up 28.5%
  - Acquisition of new aircraft and full year impact of aircraft delivered during the prior year.
  - Increase of $91 million reflects accelerated depreciation due to early retirement of B767-200 fleet
- Tour and travel cost of sales fell by 3.5%
  - Compares with a 3.2% increase in tour and travel revenue
- Selling and marketing costs down 10.1%
  - Continued migration of domestic sales to qantas.com
  - Online sales currently account for 25 per cent of all domestic bookings and approximately 6 per cent of international bookings

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Expenditure (including exchange)

- Capacity hire costs down 23.7%
  - Termination of post-Ansett wet-leases and conversion of wet-leases to short-term operating leases
  - Impulse aircraft leases reflected here in the prior year
  - Partially offset by higher codeshare costs, notably Lan Chile and Origin Pacific
- Non-cancellable operating lease rentals up 11.0%:
  - Conversion of some post-Ansett aircraft wet-leases to short-term operating leases
  - Inclusion of Impulse aircraft in this category during the current period
- Property costs up 8.4%:
  - Higher property costs associated with T2 in Sydney and the ex-Ansett hangars in Sydney and Melbourne

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Expenditure (including exchange)

- Computer and communications up 1.0%:
  - Higher Computer Reservation System costs
  - Partially offset by lower IT spend
- Other costs up 5.1%:
  - Higher insurance costs
  - Higher contract materials costs associated with Qantas Defence Services
- Net impact of foreign exchange movements on statement of financial performance:
  - Favourable variance of $106.8 million to prior year

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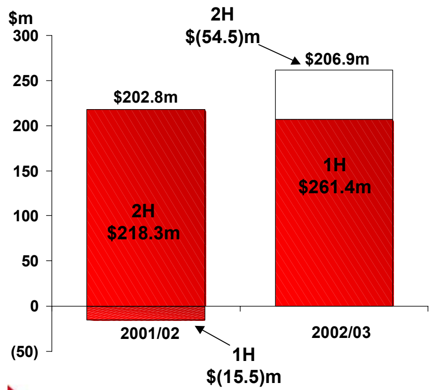
International - including Australian Airlines



- EBIT of $206.9m, or 38.5% of Group EBIT
- RPKs down 0.4%, ASKs up 0.4%
- Seat factor down 0.6% pts to 77.6%
- Yield excluding exchange increased by 2.0%
- Only the Continental Europe, South East Asia and domestic New Zealand route groupings posted an EBIT loss for the year
- Australian Airlines was profitable until March 2003, but recorded an EBIT loss of $14.7m, including start up costs of $6.2m, for the year

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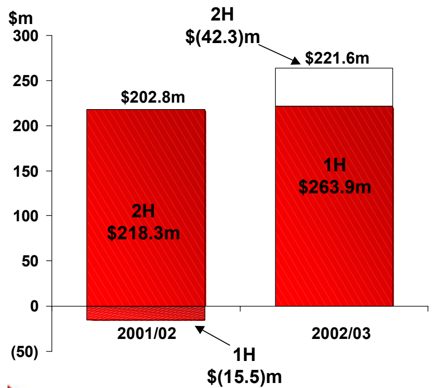
International - Qantas



- EBIT of $221.6m, or 39.1% of Group EBIT
- RPKs down 3.3%
- ASKs down 3.4%
- Seat factor up 0.1% pt to 78.3%
- Yield excluding exchange increased by 2.1%

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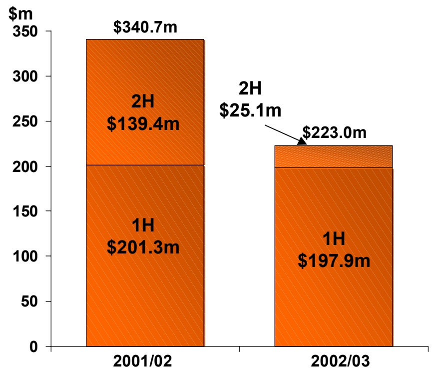
Domestic - including QantasLink



- EBIT of $223.0m, or 39.3% of Group EBIT
- RPKs up 10.2%, ASKs up 11.4%
- Seat factor down 0.9% pts to 77.6%
- Yield excluding exchange decreased by 6.3%
- Reflects:
  - Sharp decline in international oncarriage, which represents 15 per cent of Qantas' domestic business
  - Partially offset by an increase in domestic demand, but confined to deep discount travel
  - Negative yield impact of ticket taxes and surcharges

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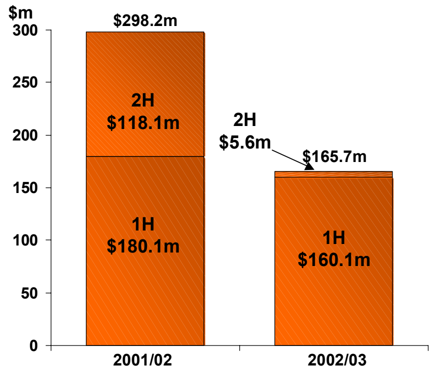
Domestic - Qantas



- EBIT of $165.7m, or 29.2% of Group EBIT
- RPKs up 11.5%
- ASKs up 13.3%
- Seat factor down 1.3% pts to 78.2%
- Yield excluding exchange decreased by 5.8%

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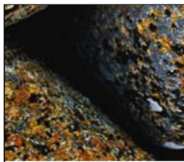
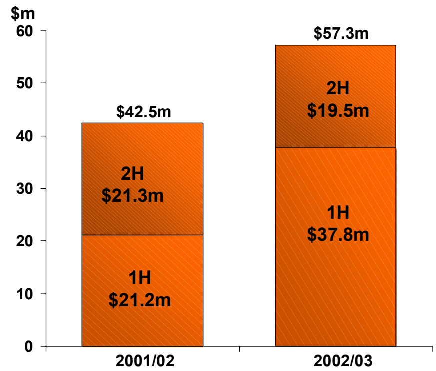


Domestic - QantasLink



- EBIT up by 34.8% to $57.3m
- RPKs down 1.1%
- ASKs down 3.0%
- Seat factor up 1.4% pts to 72.1%
- Yield excluding exchange decreased by 4.7%

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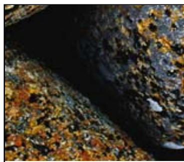
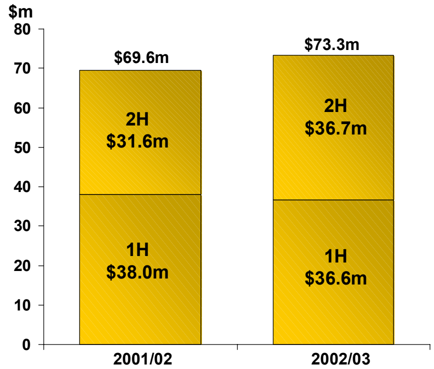


Qantas Flight Catering



- EBIT up by 5.3% to $73.3m
- Total meals produced up 4.5%
- Total flights handled up 6.6%
- Reflects:
  - Negative volume impact of war and SARS, offset by new contracts
  - Further integration of Snapfresh
  - Comprehensive cost saving program

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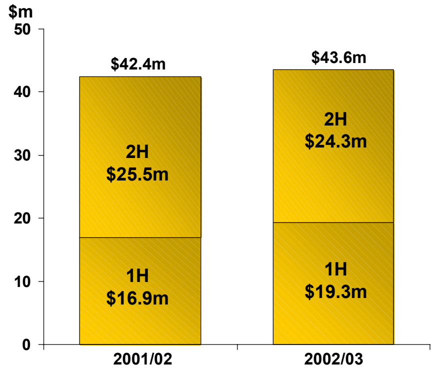
Qantas Holidays



- EBIT up by 2.8% to $43.6m
- Reflects:
  - Negative impact of war and SARS
  - Positive impact of demand generating activities, such as 'Spirit Escape' sales and Star Cruises
  - Positive impact of wide-ranging cost savings

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Other Subsidiaries and Associates

- Australian Air Express:
  - EBIT of $2.8 million
  - Impacted by a negotiated increase in the rates paid for freight capacity leased from Qantas
- Qantas Defence Services:
  - EBIT of $4.5 million
  - Benefited from increased contract work during the period
- Air Pacific:
  - EBIT of $5.7 million
  - Benefited from an increase in Fiji's popularity as a travel destination

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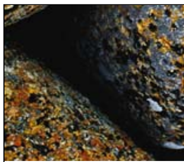

Other Subsidiaries

- Other remaining subsidiaries and associates:
  - Combined EBIT of $7.2 million
  - Predominantly contributions by other financing vehicles that are wholly-controlled entities of Qantas
- Prior year includes an $18.1 million cumulative equity accounting adjustment on initial recognition of associate net profit

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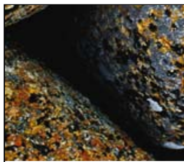

Balance Sheet and Cashflow

		June 2003	June 2002	Increase/ (decrease) %
Capital expenditure	$m	**3,137.2**	**2,463.4**	**27.4**
Capitalised interest	$m	**82.7**	**77.0**	**7.4**
Operating cashflow	$m	**1,290.8**	**1,143.3**	**12.9**
Net debt *	$m	**5,299.2**	**3,903.8**	**35.7**
Total equity **	$m	**5,165.8**	**4,038.9**	**27.9**
Leverage *	%	**51**	**49**	**2 pts**
Interest cover ***	times	**3.3**	**5.8**	**(43.1)**

* 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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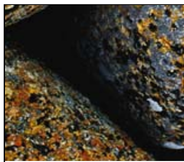

Group Operational Aircraft Fleet

	June 2003	June 2002	Increase/ (decrease)
Boeing 747-400ER	**4**	-	**4**
Boeing 747-400	**24**	25	**(1)**
Boeing 747-300	**6**	6	**-**
Boeing 747-200	**-**	2	**(2)**
Boeing 767-300ER	**29**	29	**-**
Boeing 767-200ER	**6**	7	**(1)**
Boeing 737-800	**18**	9	**9**
Boeing 737-400	**22**	22	**-**
Boeing 737-300	**21***	17	**-**
Airbus A330-200	**4**	-	**4**
Total Core Fleet	**130**	117	**13**
Total QantasLink Fleet	**62**	76	**(14)**
Total Qantas Fleet	**192**	193	**(1)**

*Includes four aircraft previously obtained under capacity hire arrangements

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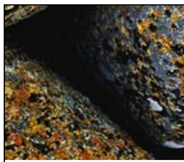

Variances to Prior Year (excluding exchange)

	Increase/ (decrease) %
Sales and operating revenue	**5.0**
Net passenger revenue	**4.6**
Net freight revenue	**1.5**
Tour and travel sales	**(1.0)**
Contract work revenue	**10.8**
Revenue from other sources	**11.8**
Group yield per RPK	**(0.4)**
Freight yield per RFTK	**5.8**

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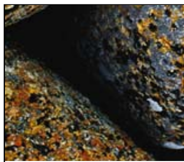

Variances to Prior Year (excluding exchange)

	Increase/ (decrease) %
Expenditure	**7.5**
Manpower and staff related	**12.4**
Selling and marketing	**(8.5)**
Variable aircraft operating	**7.2**
Fuel and oil	**6.1**
Property	**8.9**
Computer and communication	**5.9**
Depreciation and amortisation	**28.5**

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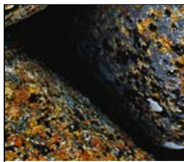

Variances to Prior Year (excluding exchange)

	Increase/ (decrease) %
Expenditure	**7.5**
Non-cancellable operating lease rentals	**17.4**
Tour and travel cost of sales	**1.0**
Capacity hire	**(21.6)**
Other expenditure	**2.9**
Share of net profit of associates	**(73.4)**
Group cost per ASK	**1.2**
Group cost per ASK (excluding 'one off' items)	**(0.2)**

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