

QANTAS DATA BOOK 2011



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QANTAS GROUP SUMMARY

The Qantas Group's main business is the transportation of passengers using two complementary airlines, Qantas and Jetstar, operating international, domestic and regional services.

The Group's broader portfolio of businesses and investments, including Qantas Frequent Flyer and Qantas Freight Enterprises, generate diverse revenue streams and adds value for customers and investors.

THE WORLD'S MOST EXPERIENCED AIRLINE

Qantas is the world's second oldest airline. It was founded in the Queensland outback in 1920 and has been in continuous operation since that date, longer than any other airline. The name comes from the initial letters of the words in the original registered title – Queensland and Northern Territory Aerial Services Limited. The Company began its operations with joy rides and air taxi flights. Regular scheduled airmail and passenger services began on 2 November 1922, from Charleville to Cloncurry in rural Queensland. The journey of 923 kilometres took two days with an overnight stop at Longreach. Passenger ticket No. 1 was issued to 84 year old Alexander Kennedy, a pioneer of western Queensland. The first Qantas overseas passenger left Brisbane for Singapore in April 1935.

QANTAS GROUP STRATEGY

Deliver Sustainable Returns to Shareholders

Safety is always our first priority

Building on our strong domestic business

Profitably building on 65% market share through dual brands

Deepening FFP¹ member and partner engagement

Growing our portfolio of related businesses

Transforming Qantas International

Growing Jetstar in Asia

Evolving the customer and dual brand strategy

Engaging and developing our people

1. FFP = Frequent Flyer Program

Trading codes

ISIN code: AU000000QAN2

Reuters: QAN.AX

Bloomberg: QAN AU



QANTAS GROUP IN 5 MINUTES

Qantas

Key figures	Unit	FY11	FY10
Revenue	\$M	11,315	10,609
Underlying EBIT ¹	\$M	228	67
Passengers	M	27.9	26.9
Load Factor	%	81	81
Employees	#	27,405	27,149

1. Excludes non recurring items

Qantas is Australia's largest full service airline carrying 28 million passengers in 2010/11 on 4,900 flights per week in Australia, New Zealand, Asia, North and South America, Africa and Europe. It was a founding member of the oneworld alliance. Qantas is a single integrated airline providing airline transportation through its two Qantas brands Qantas and QantasLink.

Main Markets

Qantas' main markets are domestic and international traffic to and from Australia. QantasLink, a wholly-owned subsidiary of Qantas Airways, services 55 metropolitan and regional destinations across Australia.

Passenger distribution 2010/11

Australia domestic	79%
International	21%

Passenger revenue 2010/11

Australia domestic	50%
International	50%

Customers

Qantas carries business and leisure passengers.

Product

Qantas offers passengers a premium network product on its extensive domestic and international network and through its oneworld membership, accessing 26 bilateral codeshare agreements, over 900 destinations and 550 lounges. Passengers also have the opportunity to earn and redeem frequent flyer points across its global network. Qantas is focused on both business and leisure travellers by offering a one or two class product on domestic routes; and a two, three or four class product for international services.

Jetstar

Key figures	Unit	FY11	FY10
Revenue	\$M	2,613	2,197
Underlying EBIT ¹	\$M	169	131
Passengers	M	16.6	14.6
Load Factor	%	78	79
Employees	#	3,714	3,098

1. Excludes non recurring items

Jetstar commenced operations in May 2004. It is Qantas Group's low fares airline and the largest low cost carrier in Asia Pacific (based on gross revenue). Jetstar comprises Jetstar Domestic, including Express Ground Handling (EGH); Jetstar International, including New Zealand based operations; and holdings in Singapore based Jetstar Asia and Vietnam based Jetstar Pacific. In 2010/11 its operations carried 16.6 million passengers (18.6 million including Jetstar Pacific) to over 50 destinations in Australia, New Zealand, Asia and the Asia Pacific.

Main Markets

Jetstar's main markets are domestic and international traffic to and from Australia. Pan-Asian expansion has strengthened through Jetstar Asia and Jetstar Pacific. New Zealand operations encompass both trans-Tasman and domestic New Zealand markets.

Passenger distribution 2010/11 (Consolidated businesses)

Australia domestic	59%
International	41%

Passenger revenue 2010/11

Australia domestic	49%
International	51%

Customers

Jetstar is focused on providing consistently low fares to predominantly leisure travellers.

Product

Jetstar offers domestic and international passengers a value based product with the flexibility to select additional options in relation to seating, entertainment, catering, baggage and premium seating on long haul. Jetstar's continual focus on leading online technology has enabled more innovative ways to book, check in and board.

Qantas Frequent Flyer

Key figures	Unit	FY11	FY10
Revenue	\$M	1,148	1,108
Underlying EBIT ¹	\$M	342	328
Normalised EBIT ²	\$M	202	167
Members	M	7.9	7.2
Employees	#	92	82

1. Excludes non recurring items

2. Restates redemption revenue to the fair value of awards redeemed (removing the impact of the change in accounting estimate) and recognises the marketing revenue when a point is sold

Qantas Frequent Flyer (QFF) was founded in 1987 and was established as a separate segment in 2007. It is Australia's premier loyalty program now with 8.0 million members and more than 500 partners. In 2010/11 approximately 3.9 million award seats were redeemed on Qantas Group flights and 500,000 products redeemed through the Qantas Frequent Flyer Store.

Customers

QFF customers include program partners and members. Partners pay QFF to issue points to members when members purchase partner products or services. The partner benefits by attracting and retaining member spend on their products, as well as improving their understanding of member behaviour. Members earn points so that they can redeem them for awards. Qantas recognises the loyalty of the airline customers through awarding points, tiering and lounge access.

Business Model

A coalition Loyalty Program provides members with the opportunity to maximise the number of points earned by allowing members to earn points in one account from their everyday consumer spend across airline, credit card, supermarket, telecommunications and retail. When QFF members earn points by spending on partner products or services, QFF holds the points and cash until the points are redeemed for an award in the future. QFF is required to defer the 'fair value' of the future reward until the member redeems an award. The billings amount received in excess of the 'fair value', known as 'marketing revenue', is recognised upfront on point's issuance. On redemption, QFF recognises the deferred redemption revenue as well as incurring the associated cost of the award.

Products

QFF enables its members to earn points from more than 500 partners including Qantas and 25 partner airlines, credit cards, Woolworths Group companies, restaurants, hotels, car rental companies, entertainment providers and other retailers. QFF members can redeem points for Classic Awards including flights with Qantas, Jetstar, oneworld partners and other airline partners; Qantas and Jetstar Any Seat Awards; or a range of 2,000 vouchers and products through the Qantas Frequent Flyer Store.

Main Markets

QFF operates in the international loyalty market with a focus on Australia and New Zealand.

Qantas Freight

Key figures	Unit	FY11	FY10
Revenue	\$M	1,054	1,007
Underlying EBIT ¹	\$M	62	42
Terminal Tonnes	'000	541	584
Employees	#	880	779
Employees ²	#	945	1227

1. Excludes non recurring items

2. Includes DPEX Worldwide and JETS Transport (Qantas Road Express)

The Qantas Group's freight assets are held by its subsidiary, Qantas Freight Enterprises (QFE). QFE markets the freight capacity of all Qantas and most Jetstar international aircraft and its fleet of three leased B747-400 freighters and one B767-300 freighter. This network is complemented by agreements with oneworld and other carriers.

Domestic air and road freight is handled by two jointly controlled entities, Australian air Express and Star Track Express, which QFE operates in partnership with Australia Post.

Main Markets

QFE is present in all international markets where the Qantas Group flies and has dedicated freighter aircraft operating between Australia and Asia, New Zealand and the Americas; and Asia and the Americas.

Main international markets

Revenue Freight Tonnage Kilometres (RFTK)

America	25%
North East Asia	33%
United Kingdom/Europe	25%
South East Asia	17%

Customers

QFE's main customers are businesses seeking efficient and reliable air transport and ground handling services, both domestic and international.

Product

QFE offers a full range of freight services from general cargo, airmail, courier, and door to door express deliveries to customs clearance and ground handling services.



ACQUISITIONS AND MILESTONES

June 1992	Qantas purchased Australian Airlines (domestic carrier)
March 1993	British Airways purchased 25 per cent of Qantas
June 1995	Public Share Offer launched
July 1995	Privatisation of Qantas complete and shares listed on the Australian Stock Exchange (ASX)
1998	Qantas increased its equity in Air Pacific to 46 per cent
October 2001	\$450 million share placement
November 2001	Qantas acquired Impulse Airlines
February 2002	Launch of Snap Fresh
September 2002	\$720 million jumbo rights issue and share purchase plan
October 2002	Launch of Australian Airlines (international carrier)
December 2003	Star Track Express was acquired by a joint venture between Qantas Group and Australia Post
May 2004	Jetstar commenced operations in Australia
September 2004	British Airways sold its stake (18.25 per cent at the time) in Qantas
December 2004	Jetstar Asia, based in Singapore, was launched with the inaugural flight in December
July 2006	Australian Airlines ceased operations (International carrier)
November 2006	Jetstar International began operations
September 2007	Qantas Frequent Flyer business segmented from Qantas Group
July 2008	Qantas Holidays and Jetset Travelworld merged and formed the Jetset Travelworld Group with Qantas Group as a 58 per cent shareholder. The Jetset Travelworld Group is listed on the ASX
February 2009	\$525 million capital raising and share purchase plan
April 2009	New ownership structure for Jetstar Asia and Valair announced. Qantas Group owns 49 per cent of this structure
June 2009	Jetstar replaces Qantas Jetconnect services in the New Zealand Domestic market
September 2010	Jetset Travelworld Group merger with Stella Travel Services. Qantas Group has a 29 per cent shareholding of Jetset Travelworld Limited
February 2011	Qantas Group acquired 100% of the Network Aviation Group

QANTAS MANAGEMENT & DIRECTORS

THE QANTAS EXECUTIVE COMMITTEE



Alan Joyce

Chief Executive Officer

Alan Joyce was appointed Chief Executive Officer and Managing Director of Qantas on 28 November 2008. Mr Joyce previously served as Chief Executive Officer of Jetstar for five years from October 2003, a period that included the commencement of the airline's domestic and international operations. Prior to his appointment at Jetstar, Mr Joyce spent over 15 years in leadership positions for full service carriers Qantas, Ansett and Aer Lingus. At both Qantas and Ansett, he led the Network Planning, Schedules Planning and Network Strategy functions. Prior to that, Mr Joyce spent eight years at Aer Lingus, Ireland's national carrier, where he held a number of roles in Sales, Marketing, IT, Network Planning, Operations Research, Revenue Management and Fleet Planning. Mr Joyce holds a Bachelor of Science in Applied Science (Physics and Mathematics) (Honours) and a Master of Science in Management Science. He is also a Fellow of the Royal Aeronautical Society.



Gareth Evans

Chief Financial Officer

Gareth Evans is Chief Financial Officer of the Qantas Group. His previous roles with Qantas covered a number of operational areas including the responsibility for the financial operations of the airline, commercial and business analytics and the implementation of major business change initiatives, scheduling of the international and domestic network, ticket pricing, revenue management and airline operations on the day as well as readiness activities for the arrival of the A380. Prior to joining Qantas in 1999, he held a number of corporate finance roles with Caltex Australia and KPMG in Australia and the UK. Mr Evans is a member of the Institute of Chartered Accountants in England and Wales.



Bruce Buchanan

Group Chief Executive Officer Jetstar

Bruce Buchanan joined Jetstar in January 2003 and was appointed CEO of Jetstar in October 2008 and Jetstar Group CEO in August 2010. Prior to joining Jetstar, Mr Buchanan worked for The Boston Consulting Group for five years where he was a core member of the Travel and Tourism practice area. Mr Buchanan has worked for various airlines within Australia, Asia and United States in a wide range of areas including sales, distribution, pricing, marketing, airline loyalty programs, finance and business strategy. Mr Buchanan participated in the establishment of Jetstar in 2003 and its subsequent launch in May 2004 and has been a critical driver of the expansion of the Jetstar brand and operations both domestically and internationally. Mr Buchanan has a Civil Engineering Degree from The University of New South Wales, an MBA from the Australian Graduate School of Management and the Anderson School at UCLA. He is a director of Newstar Investment Holdings Pte Ltd, Jetstar Pacific Airlines Aviation Joint Stock Company and Jetstar Holidays Co Ltd.



Lesley Grant

Group Executive

Lesley has been with Qantas Airways Limited since May 2002 and until January 2011 held the position of Group Executive Customer and Marketing. Since January 2011, Lesley has been responsible for a review of the International airline business primarily focused on new growth opportunities. She has extensive experience in the airline industry, managing customer, marketing and operations roles and, prior to joining Qantas, Lesley held senior airline roles in both Ansett Australia and Air New Zealand. Lesley has been an independent non-executive director of UNICEF Australia since May 2006, a director of the Qantas Foundation since March 2009 and was a director of the Jetset Travelworld Group.



Rob Gurney

Group Executive Qantas Airlines Commercial

Rob Gurney was appointed Group Executive Qantas Airlines Commercial in May 2009. He has responsibility for all commercial activities of the airline including Freight, Sales and Distribution, Network Scheduling, Pricing, Airline Alliances, Airport Infrastructure, International Airport Operations and Regional Operator, QantasLink. Mr Gurney is on the Boards of Star Track Express Holdings Pty Limited, Australian air Express, Tour East Australia Pty Limited, Holiday Tours & Travel Pte Ltd, Tour East (1996) Singapore Pte Ltd, Holiday Tours & Travel (Singapore) Pte Ltd and Tourism & Transport Forum. Mr Gurney joined Qantas in 1997 and has held a variety of senior roles in Qantas and British Airways.



Simon Hickey

Chief Executive Officer Qantas Frequent Flyer

Simon Hickey joined Qantas in September 2004 as Head of Group Strategy. Mr Hickey began his career in Arthur Andersen's Business Consulting Group. Between 2001 and 2004, he was Chief Financial Officer for Bovis Lend Lease Americas. Prior to this, he held various roles with Lend Lease including Bovis Lend Lease Chief Financial Officer Asia Pacific. In May 2007, Mr Hickey was appointed Chief Executive Officer, Qantas Frequent Flyer. Mr Hickey is responsible for Qantas Frequent Flyer as a separate business within the Qantas Group and developing the next generation of loyalty programs. Mr Hickey is a Chartered Accountant and has an Executive MBA from the AGSM. Mr Hickey is a Director of Air Pacific Limited and The Sydney Children's Hospital Foundation.



Jayne Hrdlicka

Group Executive Strategy and Technology

Jayne Hrdlicka joined Qantas in August 2010 and is now the Group Executive Strategy and Technology. In addition to her role at Qantas, Jayne is also a Non-Executive Director of Woolworths, a member of the Sydney Medical School's Advisory Board and a member of Chief Executive Women. Jayne is a seasoned executive with a mix of executive and advisory experience. Prior to joining Qantas, Jayne worked for Bain and Company, a global strategy consulting firm, where she was a global and regional leader in the Customer Strategy Practice. She advised several airline clients around the world in her fifteen years at Bain including both Ansett and Qantas in Australia. In addition to her client duties, Jayne also played an active internal role in the development of talented women around the world. Earlier in her career, Jayne left consulting to spend six years running businesses in industry. She ran two significant transformations as an operations executive and ultimately as a CEO.



Brett Johnson

General Counsel

Brett Johnson joined Qantas in July 1995 as Qantas' General Counsel. Admitted as a Solicitor of the Supreme Court of New South Wales in 1982, Brett has more than 29 years legal experience in Australia and overseas. As General Counsel, Brett is responsible for legal risk management, in addition to managing the Qantas Legal Department which has more than 26 lawyers and provides a full-service legal support to the Qantas Group. Brett is an Independent Non-Executive Director and Chairman of the Audit Committee of Scott Corporation and Non-Executive Director of the Jetset Travelworld Group. He is also a member of the ASX Appeals Tribunal.



Jon Scriven

Group Executive People and Corporate Services

Jon Scriven joined Qantas in April 2009 as Group Executive People. Prior to joining Qantas, Jon was the Group HR Director for Coca-Cola Amatil taking on that role in 2002. Between 1999-2002 Jon was a Human Capital Services Partner at Andersen. From 1991 Jon held various roles within Coca-Cola Amatil including Group Remuneration & Benefits Manager and Group Learning & Development Manager. Earlier in his career Jon held Learning & Development roles at both Westpac and PriceWaterhouse. In April 2011 Jon's responsibilities at Qantas were extended to include oversight of the Office of the CEO comprising Safety, Security, Environment, Risk, Internal Audit and Company Secretary while continuing his responsibility for all aspects of Human Resources across the Group. Jon studied at Cambridge University and holds a Masters in Mathematics. He is a member of the Institute of Chartered Accountants of Australia, a Director of the Qantas Superannuation Limited Board and a Director of The Qantas Foundation.



Lyell Strambi

Group Executive Qantas Airline Operations

Lyell Strambi joined Qantas in December 2008 as the Group Executive Qantas Airlines Operations. He is responsible for the management and continued transformation of Qantas' Operational divisions including: Australian onshore Airports, Catering, Engineering and Flight Operations, a portfolio that includes approximately 17,000 staff. Prior to joining Qantas, Mr Strambi was Chief Operating Officer for Virgin Atlantic Airways. Based in the UK Mr Strambi had more than 8,500 staff in both the UK and overseas in the areas of Commercial, Product, Global Sales and Marketing, Engineering, Cargo, Flight and Ground Operations and In-flight Services. Mr Strambi began his career in Aviation joining Ansett Australia Limited in 1976. Over a 24 year period with the company he rose to the position of Executive General Manager, Ground Services, responsible for approximately 3,000 staff and a budget of \$300 million. Mr Strambi received a Bachelor of Business in Accounting and Finance from Royal Melbourne Institute of Technology. He is a fellow of the Australian Institute of Company Directors, a Fellow of the Royal Aeronautical Society and a member of the Australian Institute of Management.



Olivia Wirth

Group Executive Government and Corporate Affairs

Olivia Wirth is the Qantas Group Executive, Government and Corporate Affairs responsible for the company's external and internal communication and stakeholder relationships and is the company spokesperson. Olivia was previously the Head of Corporate Communication for the Qantas Group, appointed in 2009. Olivia has over 15 years experience in public affairs, government relations and media relations most recently as the Executive Director of industry association and lobby group, the Transport and Tourism Forum (TTF). She has worked in a range of public and corporate affairs roles including the London based, Business in the Community (part of the Prince's Trust), the Australian Tourist Commission (now Tourism Australia) and the former Minister for Small Business and Tourism, the Hon. Joe Hockey MP. Olivia is a Board member of the European Australian Business Council and the Qantas Foundation.

THE QANTAS BOARD OF DIRECTORS



Leigh Clifford, AO
B Eng, MEngSci
Chairman
Independent Non-Executive Director

Leigh Clifford was appointed to the Qantas Board in August 2007 and as Chairman in November 2007. He is Chairman of the Qantas Nominations Committee. Mr Clifford is a Director of Bechtel Group Inc. He is Chairman of Bechtel Australia Pty Ltd and the Murdoch Childrens Research Institute, a Senior Advisor to Kohlberg Kravis Roberts & Co and a Board Member of the National Gallery of Victoria Foundation. Mr Clifford was previously a Director of Barclays Bank plc. Mr Clifford was Chief Executive of Rio Tinto from 2000 to 2007. He retired from the Board of Rio Tinto in 2007 after serving as a Director of Rio Tinto plc and Rio Tinto Limited for 13 and 12 years respectively. His executive and board career with Rio Tinto spanned some 37 years, in Australia and overseas. Age: 64



Alan Joyce
BApplSc(Phy)(Math)(Hons)
Msc(MgtSc), FRAeS
Chief Executive Officer

Alan Joyce was appointed Chief Executive Officer and Managing Director of Qantas in November 2008. He is a Member of the Safety, Health, Environment & Security Committee. Mr Joyce is a Director of a number of controlled and associated entities of the Qantas Group and a former Director of Jetstar Pacific Airlines Aviation Joint Stock Company. He was the CEO of Jetstar from 2003 to 2008. Before that, Mr Joyce spent over 15 years in leadership positions for Qantas, Ansett and Aer Lingus. At both Qantas and Ansett, he led the network planning, schedules planning and network strategy functions. Prior to that, Mr Joyce spent eight years at Aer Lingus where he held roles in sales, marketing, IT, network planning, operations research, revenue management and fleet planning. Age: 45



General Peter Cosgrove, AC, MC
FAICD
Independent Non-Executive Director

Peter Cosgrove was appointed to the Qantas Board in July 2005. He is a Member of the Safety, Health, Environment & Security Committee and a Director of Qantas Superannuation Limited. General Cosgrove is a Director of the Australian Rugby Union and Cardno Limited. He is Chairman of the South Australian Defence Industry Advisory Board, the Australian War Memorial Council and is Chancellor of the Australian Catholic University. General Cosgrove served in the Australian Army from 1965 including command of the international forces in East Timor from 1999 until the force was withdrawn in February 2000. He was the Chief of the Australian Defence Force from July 2002 until his retirement in July 2005. General Cosgrove was Australian of the Year in 2001. Age: 64



Corinne Namblard
MPolSc
Independent Non-Executive Director

Corinne Namblard was appointed to the Qantas Board in June 2011. Ms Namblard has more than 30 years' international experience in finance, infrastructure and related industries. Most recently, Ms Namblard spent 10 years as CEO of Luxembourg-based Galaxy Fund, a transport equity fund. Prior to that, she held an executive committee level business development role with French engineering firm, Egis Group. Earlier, Ms Namblard spent 19 years with Banque Nationale de Paris, holding roles in foreign exchange, debt and equity capital markets, mergers and acquisitions, and project finance. Ms Namblard has held numerous board positions in investee companies, including South Australian-based Flinders Ports. Ms Namblard was also Chair of the Geneva-based United Nations PPP Alliance and a transport expert for the European Commission. Ms Namblard holds French and Canadian citizenships, but now resides in South Australia. Age: 55



Paul Rayner
BEc, MAdmin, FAICD
Independent Non-Executive Director

Paul Rayner was appointed to the Qantas Board in July 2008. He is a Member of the Audit Committee and Safety, Health, Environment & Security Committee. Mr Rayner is a Director of Boral Limited, Centrica plc and Treasury Wine Estates Limited. He is also the Chairman of each of their Audit Committees. From 2002 to 2008, Mr Rayner was Finance Director of British American Tobacco plc, based in London. Mr Rayner joined Rothmans Holdings Limited in 1991 as its Chief Financial Officer and held other senior executive positions within the Group, including Chief Operating Officer of British American Tobacco Australasia Limited from 1999 to 2001. Previously Mr Rayner worked for 17 years in various finance and project roles with General Electric, Rank Industries and the Elders IXL Group. Age: 57



Patricia Cross
BSc(Hons), FAICD
Independent Non-Executive Director

Patricia Cross was appointed to the Qantas Board in January 2004. She is a Member of the Audit and Remuneration Committees. Mrs Cross is a Director of National Australia Bank Limited, JBWere Pty Limited, the Grattan Institute and the Methodist Ladies College. She is also a Member of Melbourne University's Advisory Council to the Faculty of Business and Economics. Mrs Cross was previously a Director of Wesfarmers Limited, the Murdoch Childrens Research Institute, Chairman of Qantas Superannuation Limited, Deputy Chairman of Victoria's Transport Accident Commission and a former Member of the Government's Australian Financial Centre Forum. Prior to becoming a professional company director in 1996, Mrs Cross held senior executive positions with Chase Manhattan Bank, Banque Nationale de Paris and National Australia Bank. Age: 52



Richard Goodmanson
BEng(Civil), BCom, BEc, MBA
Independent Non-Executive Director

Richard Goodmanson was appointed to the Qantas Board in June 2008. He is a Member of the Remuneration Committee and the Safety, Health, Environment & Security Committee. Mr Goodmanson is a Director of Rio Tinto plc and Rio Tinto Limited. From 1999 to 2009 he was Executive Vice President and Chief Operating Officer of E.I. du Pont de Nemours and Company. Previous to this role, he was President and Chief Executive Officer of America West Airlines. Mr Goodmanson was also previously Senior Vice President of Operations for Frito-Lay Inc. and was a principal at McKinsey & Company Inc. He spent 10 years in heavy civil engineering project management, principally in South East Asia. Mr Goodmanson was born in Australia and is a citizen of both Australia and the United States. Age: 64



Garry Hounsell
BBus(Acc), FCA, CPA, FAICD
Independent Non-Executive Director

Garry Hounsell was appointed to the Qantas Board in January 2005. He is Chairman of the Audit Committee and a Member of the Nominations Committee. Mr Hounsell is Chairman of PanAust Limited and a Director of Orica Limited, DuluxGroup Limited and Nufarm Limited. He is Chairman of Investec Global Aircraft Fund, a Director of Ingeus Limited and a Board Member of law firm Freehills. Mr Hounsell is the former Deputy Chairman of Mitchell Communication Group Limited. He is a former Senior Partner of Ernst & Young and Chief Executive Officer and Country Managing Partner of Arthur Andersen. Age: 56



Dr John Schubert, AO
BE, PhD, FIEAust, CPEng, FTS, FIChemE
Independent Non-Executive Director

John Schubert was appointed to the Qantas Board in October 2000. He is Chairman of the Safety, Health, Environment & Security Committee and a Member of the Nominations Committee. Dr Schubert is a Director of BHP Billiton Limited and BHP Billiton plc. He is also Chairman of G2 Therapies Limited and the Great Barrier Reef Foundation. He was most recently Chairman of the Commonwealth Bank of Australia and was also previously Chairman of WorleyParsons Limited and President of the Business Council of Australia. Dr Schubert was also Managing Director and CEO of Pioneer International Limited from 1993 until 2000. Dr Schubert held various roles with Esso in Australia and overseas. In 1983, he was appointed to the Board of Esso Australia. In 1985, Dr Schubert became Esso's Deputy Managing Director and in 1988 he became Esso's Chairman and Managing Director. Age: 68



James Strong, AO
Independent Non-Executive Director

James Strong was appointed to the Qantas Board in July 2006. He is Chairman of the Remuneration Committee and a Member of the Nominations Committee. Mr Strong was the CEO and Managing Director of Qantas between 1993 and 2001, following his appointment to the Board in 1991. He is Chairman of Woolworths Limited, Kathmandu Holdings Limited, the Australia Council for the Arts and the organising committee for the ICC Cricket World Cup 2015. He is also a Member of the Nomura Australia Advisory Board and a Director of the Australian Grand Prix Corporation. Mr Strong was formerly the Chairman of Insurance Australia Group Limited, a Director of IAG Finance (New Zealand) Limited, the Group Chief Executive of the DB Group in New Zealand and National Chairman of Partners of Corrs Chambers Westgarth. He was also CEO of Australian Airlines from 1985 until 1989. He has been admitted as a barrister and/or solicitor in various state jurisdictions in Australia. Age: 67



Barbara Ward, AM
BEc, MPolEc
Independent Non-Executive Director

Barbara Ward was appointed to the Qantas Board in June 2008. She is a Member of the Safety, Health, Environment & Security Committee and the Audit Committee. Ms Ward is the Chairman of Essential Energy, a Director of a number of Brookfield Multiplex Group companies and O'Connell Street Associates Pty Ltd and is on the Advisory Board of LEK Consulting. She was formerly a Director of the Commonwealth Bank of Australia, Lion Nathan Limited, Brookfield Multiplex Limited, Allco Finance Group Limited, Rail Infrastructure Corporation and Delta Electricity. She was Chairman of NorthPower and a Board Member of Allens Arthur Robinson. Ms Ward was Chief Executive Officer of Ansett Worldwide Aviation Services from 1993 to 1998. Before that, Ms Ward held various positions at TNT Limited, including General Manager Finance, and also served as a Senior Ministerial Adviser to The Hon PJ Keating. Age: 57

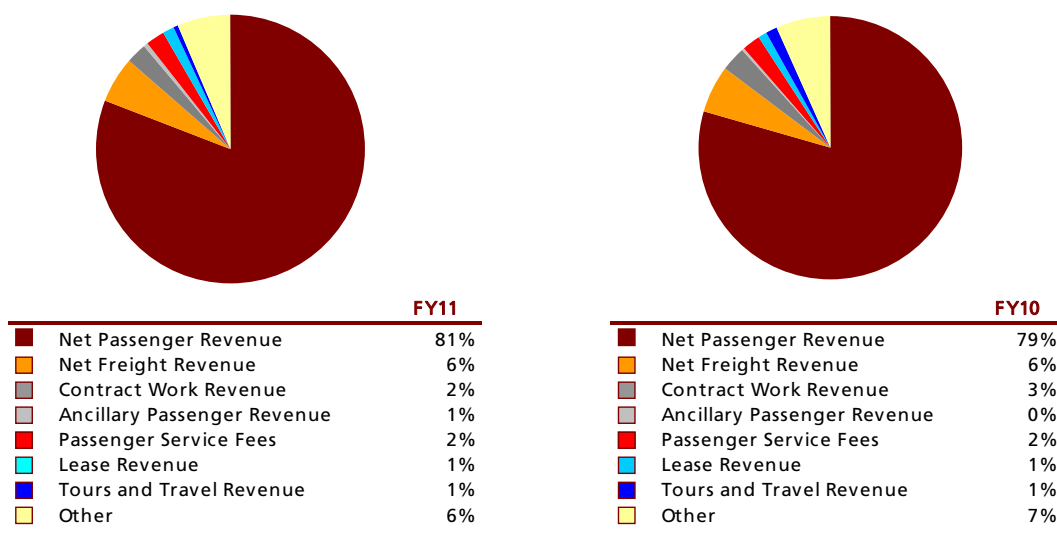
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FINANCIAL DATA

INCOME STATEMENT

REVENUE AND OTHER INCOME

Revenue Sources



The Qantas Group's main business is the transportation of passengers. In 2010/11 passenger revenue contributed \$12.0 billion equating to 81 per cent of the Group's total revenue. The Qantas Group's other key revenue streams are freight revenue, tours and travel revenue, contract work revenue and Qantas frequent flyer revenue. The Qantas Group also earns revenue through third party contract work, the leasing of aircraft and Qantas Club membership.

NET PASSENGER REVENUE

The Qantas Group net passenger revenue comes from its two major brands, Qantas and Jetstar. The Qantas Group carried more than 44 million passengers in 2010/11. Net passenger revenue includes flown passenger revenue, fuel surcharge, frequent flyer revenue and passenger recoveries.

Yield is calculated as net passenger revenue excluding foreign exchange and passenger recoveries divided by revenue passenger kilometres. A five year history of Group yield and other passenger related statistics are on page 30. A ten year history of traffic statistics split by airline can be found on pages 46 and 47.

OTHER KEY REVENUE STREAMS

The Qantas Group non passenger revenue was \$2.9 billion in 2010/11.

Net freight revenue

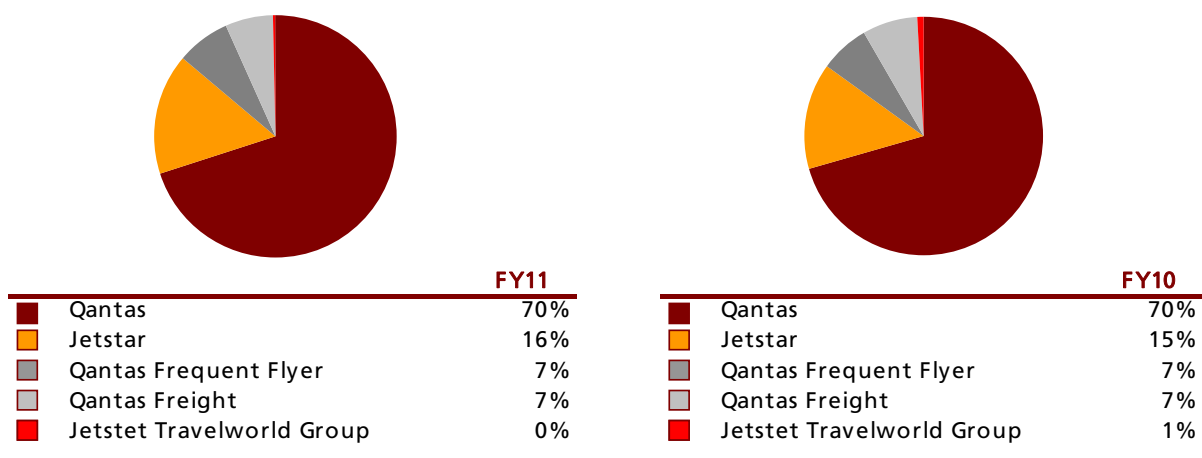
Net freight revenue is derived from the carriage of freight in Qantas and Jetstar aircraft belly space, as well as on a fleet of three wet-leased B747-400 freighters and one dry-leased B767-300 freighter.

Contract work revenue

Contract work revenue is largely earned by Qantas Engineering, Qantas Defence Services, Qantas Catering and Airport businesses. In addition to work performed for Qantas, the Qantas Engineering business provides engineering and maintenance services to other international airlines. Services include aircraft heavy and line maintenance, engines and component maintenance, aircraft interior upgrades, inventory management and training.

Qantas Defence Services provides aviation maintenance services and support to the Australian Defence Force (ADF) including the Australian Government's Special Purpose Aircraft fleet, the RAAF's Hercules and tanker fleet and the ADF's fighter and helicopter fleets. Whilst most catering work is performed for Qantas, Q Catering and Snap Fresh also caters for airlines outside the Group as well as providing catering services for rail clients, retail markets, quick service restaurants, defence and healthcare. Airport services earn contract work revenue by offering airport related services to airlines outside the Qantas Group.

Segment Revenue (excluding corporate and eliminations)



Ancillary passenger revenue

Ancillary revenue is revenue from in flight catering and bar sales, excess baggage charges, unutilised or expired passenger tickets, as well as in flight duty free sales.

Passenger service fees

Passenger service fees are derived through booking related fees including change and cancellation fees as well as additional leg room.

Lease revenue

Lease revenue is primarily derived from codeshare and joint venture partners. Qantas receives revenue for seats sold to codeshare passengers travelling on Qantas flights. Offsetting this revenue is a fee charged by codeshare partners when Qantas passengers travel on codeshare flights. This offset is accounted for under capacity hire expenses. Revenue is also received from jointly controlled entity, Australian air Express for the lease of Qantas and Jetstar bellyspace.

Tours and travel revenue

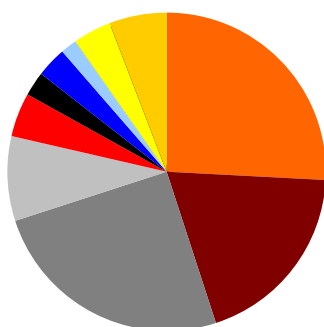
Tours and travel revenue is the net amount of commission retained by JTG through the supply of travel products and services.

Other revenue

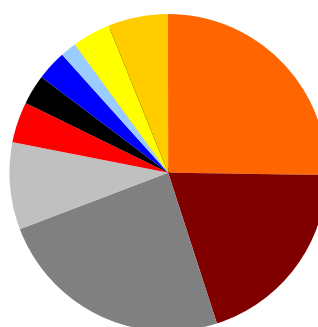
Other revenue is any other revenue not falling into the abovementioned categories. This includes revenue streams from Group frequent flyer redemption and marketing revenue (of which the Qantas related portion is eliminated on consolidation), Qantas Club membership, international freight terminal handling fees and charter operation revenue.

EXPENDITURE

Expenditure Sources



	FY11 \$M	%
Manpower and staff related	3,739	26%
Aircraft operating variable	2,749	19%
Fuel	3,627	25%
Depreciation and amortisation	1,249	9%
Selling and marketing	626	4%
Property	398	3%
Computer and communication	409	3%
Capacity hire	258	2%
Non-cancellable operating lease rentals	566	4%
Other	837	6%



	FY10 \$M	%
Manpower and staff related	3,405	25%
Aircraft operating variable	2,675	20%
Fuel	3,283	24%
Depreciation and amortisation	1,199	9%
Selling and marketing	572	4%
Property	396	3%
Computer and communication	405	3%
Capacity hire	249	2%
Non-cancellable operating lease rentals	525	4%
Other	810	6%

MANPOWER

The Qantas Group had 32,695 full time equivalents (FTEs) as at 30 June 2011. Approximately 87 per cent of the Qantas Group employees are full-time employees and 91 per cent are based in Australia.

Key employee facts as at 30 June

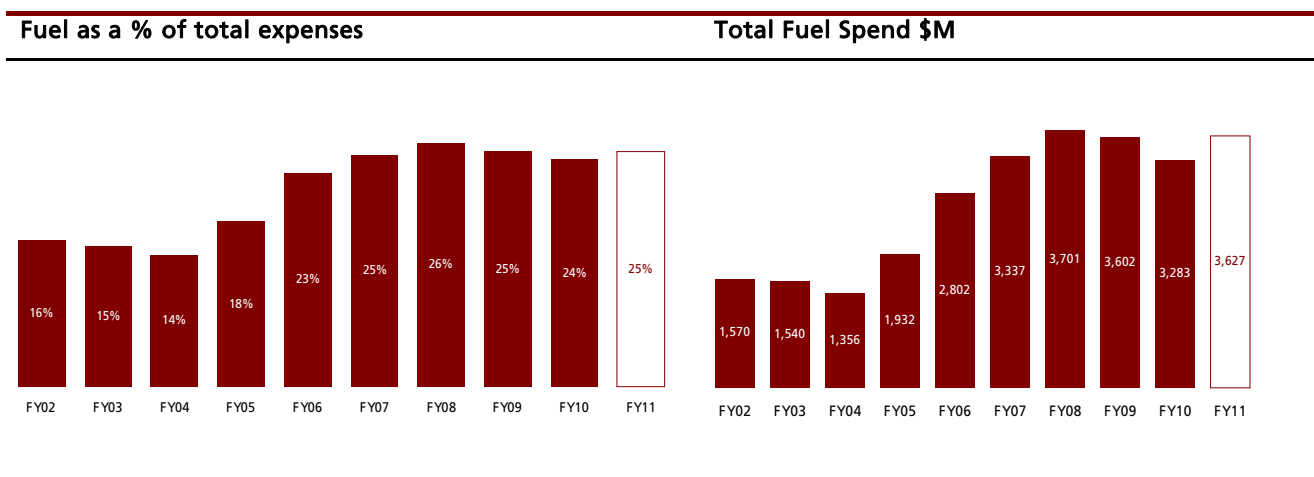
	Unit	2011	2010
FTEs	#	32,695	32,490
Total headcount	#	35,826	35,669
Attrition rate	%	5.0	4.7
Average age (years)	Years	43.2	42.8
% Part time employees	%	13.4	13.1
Union membership	%	60–70	60–70

DEPRECIATION

The Qantas Group uses straight-line depreciation rates for all of its property, plant and equipment excluding freehold land using rates ranging from 2.5 years to 40 years. The asset depreciation periods are:

	Years	Residual Value %
Buildings and leasehold improvements	10 – 40	0
Plant and equipment	3 – 20	0
Passenger aircraft and engines	2.5 – 20	0 – 10
Freighter aircraft and engines	2.5 – 20	0 – 20
Aircraft spare parts	15 – 20	0 – 20

FUEL



The Qantas Group has jet fuel supply arrangements with various fuel suppliers in the ports to which the aircraft operate. The price the Qantas Group pays for fuel uplifted in each port is determined by reference to a regional fuel benchmark such as Singapore Jet. Jet fuel costs represented 25 per cent of the Qantas Group's total expenditure in 2010/11.

Into-plane margin

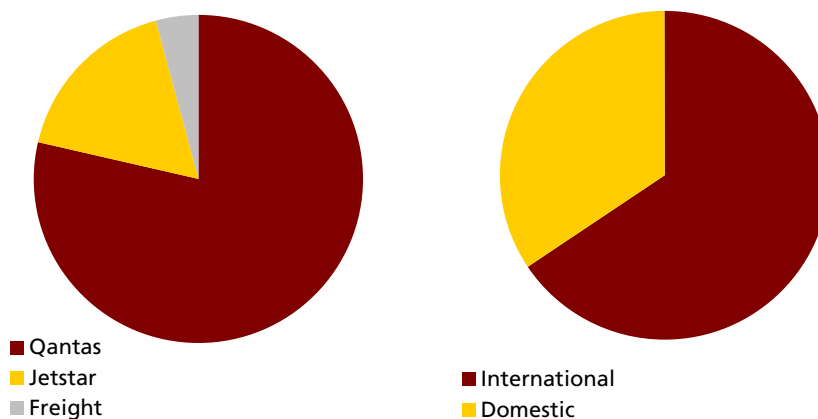
In addition to the regional jet fuel benchmark referenced in supplier arrangements in the relevant port, airlines typically pay an additional into-plane margin. This covers transport, insurance and manpower typically associated with the physical delivery of fuel into the aircraft. The margin varies by location and supplier. The price is negotiated by Qantas and its suppliers periodically.

Strategies to offset jet fuel prices

The Qantas Group uses the following to reduce the negative impact from rising jet fuel prices:

- hedging to give the organisation time to adapt to new price levels
- yield and price management including charging fuel surcharges on tickets
- shortening the jet fuel supply chain
- fuel conservation
- investment in new aircraft
- improvement in air traffic management
- enhanced technology around flying techniques and navigation approach

Indicative Fuel Spend Split



AIRCRAFT OPERATING VARIABLE

The Qantas Group spent \$2.7 billion on aircraft operating variable (AOV) costs in 2010/11.

Route navigation charges are incurred by accessing Australian and international airspace.

Landing fees are charged for every landing by the relevant airport company or authority. Each location incurs different fees.

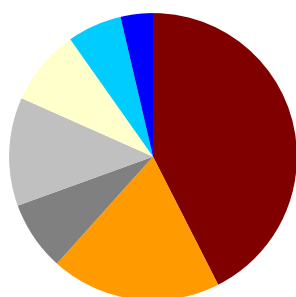
Maintenance consists of aircraft maintenance costs including subcontractor fees and materials. The timing of

aircraft maintenance checks depends on flying hours and cycles (number of departures) and can also be based on calendar dates.

Passenger expenses include in flight consumables and amenities, inflight entertainment (IFE), lost baggage, delay, Qantas Club and laundry costs.

Crew expenses include accommodation, vehicle hire and allowances.

Aircraft Operating Variable – Indicative split



	FY11
Route Navigation and Landing fees	43%
Maintenance (including materials and labour)	19%
Airmeals	8%
Passenger Expenses	12%
Ground Handling	9%
Crew Expenses	6%
Other sundry AOV related expenses	4%

OTHER KEY EXPENSES

Non-cancellable operating leases

The Qantas Group has a mixture of leased aircraft and owned aircraft across its fleet in order to achieve an optimal funding mix. Leased aircraft currently make up approximately 36 per cent of the fleet.

Selling and marketing

Incentive commissions are paid to travel agents for ticket sales. IT system fees are charged to Qantas for the use of global distribution booking systems. Card charges from major credit card suppliers are expensed under Selling and Marketing. Marketing support consists mainly of advertising and sponsorship.

Property

Building rentals are charged to the Qantas Group for leased properties including office buildings, terminals, catering centres, ground space and car parks. Property outgoings include maintenance and cleaning of facilities, waste removal, utilities (energy and water) and statutory charges.

Computer and communications

Managed service costs are costs for outsourced services including desktop, mainframes, network, communications and application support. Project costs include external vendor costs associated with IT project development.

Capacity hire

Wet-lease is a leasing arrangement where the aircraft, operational crew and maintenance are provided by a third party (lessor). Qantas currently has wetlease arrangements in its Airlink, Jetconnect, Jetstar Asia and freighter operations.

Qantas also incurs capacity hire costs when it purchases seats from codeshare partners.

Other

Other expenses include costs that cannot be allocated to other Income Statement categories such as airport security charges, contract work material, printing, stationery, vehicle costs, exchange rate adjustments and consulting costs.

UNDERLYING PBT METHODOLOGY

In December 2009 Qantas introduced the Underlying PBT methodology. Underlying PBT is the primary reporting measure used by the Qantas Group's chief operating decision making bodies, being the Board of Directors and the Executive Committee, for the purpose of assessing the performance of the Group. Underlying PBT is a non-statutory measure, which excludes certain impacts of AASB 139: Financial Instruments: Recognition and Measurement (AASB 139) and non-recurring items that management consider to be outside the ordinary course of business operations.

Mark-to-Market movements

The principle of Underlying PBT is to remove the volatility caused by the accounting treatment that recognises mark-to-market movements in hedge derivatives in periods that differ from the underlying exposures.

Qantas uses derivatives such as options, swaps and forwards exclusively to hedge underlying risks and exposures. Accounting rules result in certain mark-to-market movements in hedge derivatives being recognised in periods that differ from the underlying exposures. This results in significant earnings volatility that cannot be forecast and does not reflect the underlying economic outcomes of the Group's hedging strategy.

Mark-to-market movements deemed by AASB 139 as 'ineffective' must be recognised immediately in the Income Statement rather than being deferred and recognised along with the underlying transaction as are other 'effective' hedge mark-to-market movements.

Options

For Qantas, the major impact of AASB 139 is in relation to options. Economically, options protect from downside risks whilst retaining exposure to upside opportunities - protecting or enhancing shareholder value. The maximum financial exposure over the life of an option used as a hedge instrument is the premium paid.

AASB 139 requires any movements in the non-intrinsic value (largely time value and volatility) of the option to be recognised immediately in the Income Statement. Given the nature of the variables which affect this non-intrinsic value, the Income Statement impact is not able to be forecast. This creates significant volatility and an accounting timing mismatch with the underlying transaction.

Calculation

Underlying PBT is calculated as follows:

- Derivative mark-to-market movements recognised in the current reporting period's statutory profit that are associated with current year exposures remain included in Underlying PBT
- Derivative mark-to-market movements recognised in the current reporting period's statutory profit that are associated with underlying exposures which will occur in future reporting period are excluded from Underlying PBT
- Derivative mark-to-market movements recognised in the current reporting period's statutory profit that are associated with capital expenditure are excluded from Underlying PBT and subsequently included in Underlying PBT as an implied adjustment to depreciation expense for the related assets commencing when the assets are available for use
- Derivative mark-to-market movements recognised in previous reporting period's statutory profit that are associated with underlying exposures which occurred in the current year are included in Underlying PBT
- Underlying PBT excludes the impact of items which management consider to be outside the ordinary course of business operations, and have therefore been identified as non-recurring

If Qantas elects to provide future guidance, the Underlying PBT methodology will be provided as it better reflects the operational performance of the business and can be more accurately forecast.



QFuture is the key business change program within Qantas, designed to position the airline for profitable growth. It involves transformational change across the business – over 30 major initiatives have been identified and are either underway or near completion, together with a range of small projects. Total benefits of \$1.5 billion are targeted over the three years FY10 to FY12 to underpin unit cost reduction and margin improvement. QFuture benefits are measured by reference to prior year actual performance.

Objectives of the program are:

- Creating value for our customers
- Optimising revenue and margins
- Driving operational efficiency
- Engaging our workforce

In FY10 Qantas achieved benefits of \$533 million and incurred costs of \$50 million in relation to implementation of the transformational initiatives. In FY11 Qantas achieved benefits of \$470 million and incurred implementation costs of \$66 million.

QFuture benefits \$M	1H11	2H11	FY11
Commercial	78	135	213
Engineering	23	39	62
Fuel	14	30	44
Customer	16	26	42
Airports, Catering	14	20	34
IT	8	7	15
Other (Flight Operations, Regional, Shared Services, Procurement)	20	40	60
Total	173	297	470

Transformational Initiatives Underway

Creating value for our customers

- Next Generation Check-In
- International Configuration
- Customer Strategy Program

Optimising revenue and margins

- Cost of Sales
- Alliances
- Revenue Management

Driving operational efficiency

- Aircraft Utilisation & Scheduling
- Fuel Optimisation
- Procurement & Supply Chain

Engaging our workforce

- Workplace Transformation

FUNDING

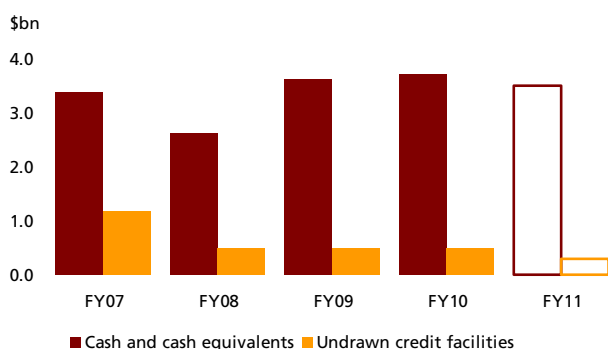
The Qantas Group's funding decisions are made with the aim of maximising strategic and operating flexibility for the fleet renewal cycle. The debt portfolio aims to be competitive in cost, offer repayment flexibility, minimise credit and residual value risks and comprise a balanced maturity profile.

CASH

The Qantas Group maintains a cash balance to cover forecast short term liquidity requirements and other potential cash requirements that may arise in the course of operating an international airline. The cash balance has increased since 2001 as the business has expanded. Ratings agencies also prefer minimum cash levels for rated airlines. Cash is invested in highly rated short term money market securities and term deposits.

As at 30 June 2011, the Qantas Group had a cash balance of \$3.5 billion. In addition to this are \$0.3 billion of undrawn credit facilities, \$0.2 billion of committed funding and approximately \$0.7 billion of mandated secured debt funding which will be drawn down in line with aircraft deliveries over the next year.

Cash



DEBT

The Qantas Group targets an investment grade credit rating. This optimises funding costs and provides investment and funding flexibility.

As at 30 June 2011, the Qantas Group debt portfolio totalled \$6.0 billion. It comprised an unsecured bank loan which matures in two tranches between April 2014 and April 2015, two unsecured 144A bonds that mature in 2012/13 and 2015/16 and a series of longer term debt and lease facilities secured by aircraft which generally amortise over 10 to 20 years.

The Qantas Group has no unsecured facility maturing before June 2012. The second tranche of the existing syndicated bank facility of \$315 million was refinanced and extended to April 2015. The offer was oversubscribed resulting in an increase in the facility to \$450 million.

The Qantas Group has a range of off balance sheet operating leases with a debt-equivalent value estimated to be \$4.0 billion as at 30 June 2011. These operating leases expire progressively over the next 11 years. The Qantas Group anticipates being able to fund future capital expenditure from cash reserves, cash flow from operations and debt and operating lease facilities.

FINANCIAL RISK MANAGEMENT

The Qantas Group is subject to interest rate, credit, liquidity, foreign exchange and fuel price risks. These risks are an inherent part of operating an international airline. The Qantas Group has a centralised Treasury function that manages the financial risks in line with Board approved policies. The policies include information such as approved financial instruments, hedging delegation levels, reporting requirements and hedge tenors.

INTEREST RATE MANAGEMENT

The Qantas Group has a portfolio of interest rate sensitive assets and liabilities and is exposed to movements in interest rates. In addition to AUD borrowings, the Qantas Group has borrowings denominated in USD and also in currencies where there are surplus revenue streams such as JPY, GBP and EUR. At 30 June 2011, Net Debt, which takes into account off-balance sheet capitalised leases and short term cash holdings, was \$6,970 million (2010: \$6,197 million).

The Qantas Group manages interest rate risk by reference to re-pricing intervals spread across different time periods. The proportion of Net Debt to be rate-set in each time period is maintained within minimum and maximum levels defined in the Board approved Qantas Treasury Risk Management policy. Interest rate swaps, forward rate agreements and options are used to uphold these proportions.

CREDIT RISK MANAGEMENT

Credit risk is the potential loss from a transaction in the event of default by the counterparty during the term of the transaction or on settlement of the transaction. The Qantas Group minimises the concentration of credit risk by undertaking transactions with a range of customers and counterparties in various countries in accordance with Board approved policy. The Qantas Group applies stringent

credit policies and accreditation of travel agents through industry programs. Excluding associates and jointly controlled entities, the Qantas Group's credit exposure for its cash and equivalents is with counterparties which have a minimum credit rating of A- / A3. Cash is invested in money market instruments of a short-term nature typically maturing in less than one year. The investments may be deposits, discount securities or interest bearing securities.

INSURANCE COVER

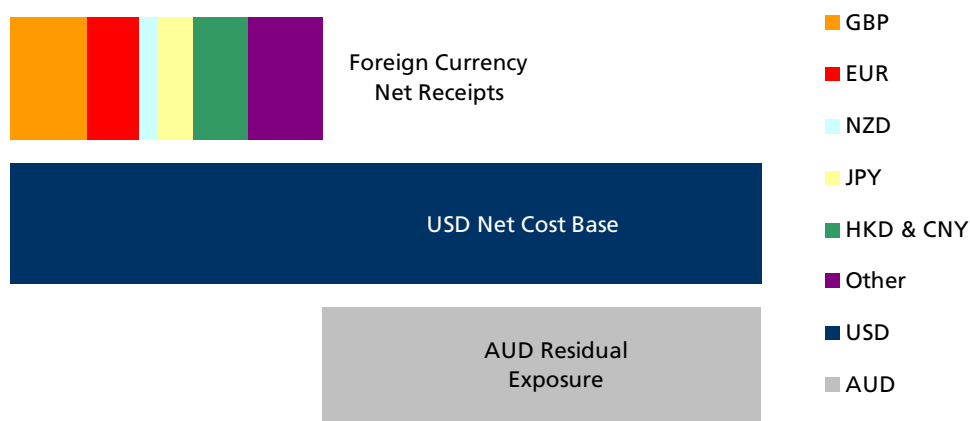
The Qantas aviation insurance program covers all aircraft owned, leased or operated by a Qantas Group company including all aircraft spare parts and other technical equipment. The program also covers liabilities arising out of the Group's aviation operations. Under the Qantas Constitution, Qantas indemnifies, to the extent permitted by law, each Director and Secretary of Qantas against any liability incurred by that person as an officer of Qantas.

FOREIGN CURRENCY HEDGING

The Qantas Group earns revenue in many currencies and incurs USD costs mainly arising from fuel, maintenance and aircraft leasing. The Qantas Group also has expenditure in many other foreign currencies, however revenues earned in those currencies generally offset these expenditures resulting in a net foreign currency receipt. Qantas also has foreign currency capital expenditure commitments for aircraft and related parts. The Qantas Group foreign exchange risk is managed in three ways:

- foreign currency costs are netted against revenues in the same currency
- Qantas may denominate borrowings in net surplus currencies to provide a natural hedge
- Qantas may hedge portions of the remaining exposure using derivatives

Indicative foreign currency exposure



FOREIGN EXCHANGE HEDGING ON FUTURE CAPITAL EXPENDITURE

The Qantas Group hedges foreign exchange exposure for its capital expenditure costs in accordance with a Board approved set of policy parameters. The capital expenditure sensitivity will rise or fall depending on the level of capital expenditure commitments Qantas has outstanding at any given time, the level of those commitments that are hedged and the hedging instruments used.

FUEL HEDGING

The Qantas Group uses derivatives such as options and swaps on aviation fuel, gasoil and crude oil to hedge the exposure to movements in the price of aviation fuel. Hedging is conducted in accordance with the Board approved Qantas Treasury Risk Management policy which does not allow speculative trading.

Differential between crude oil and jet fuel

The Qantas Group hedging is mainly undertaken in crude oil proxies such as WTI and Brent as liquidity tends to be better for longer term transactions. Proxy hedging may be converted to a jet fuel basis as the hedge period nears and liquidity improves.

CARBON PRICE HEDGING

By July 2012, the Group will be liable for its carbon emissions in three jurisdictions; Australia, the European Union (EU) and New Zealand.

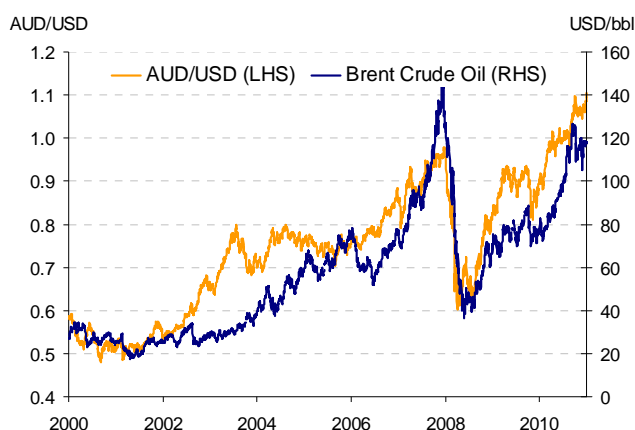
As the price of carbon is fixed in Australia for the first three years and the Group is also to receive a significant proportion of free credits in the EU, the current price risk exposure is comparatively small. Hedging this risk will be managed using derivatives such as options, forwards and swaps in accordance with a Board approved set of policy parameters.

ACCOUNTING EFFECTS FROM HEDGING

Two hedging strategies in particular drive accounting ineffectiveness in the Qantas Group Statutory results. Crude oil prices and jet fuel prices do not always result in the effectiveness of the hedge falling within the 80 per cent to 125 per cent range required by AASB 139 Financial Instruments: Recognition and Measurement (AASB 139) and can result in changes in fair value of the derivative being deemed ineffective for accounting purposes from time to time.

AASB 139 only permits the intrinsic component of an option value to be deemed an effective hedge. As a result all other aspects of the option value must be marked-to-market through the Income Statement as ineffective. Changes in the value of this non-intrinsic component do not necessarily reflect the original premium paid or potential losses until the option reaches maturity.

**Brent Crude Oil v AUD/USD
FY00 – FY11**



**Differential between Brent Crude Oil and
Singapore Jet fuel - USD per barrel**



10 YEAR FINANCIAL OVERVIEW

for the year ended 30 June

QANTAS GROUP

Income Statement \$M	2011	2010	2009	2008	2007	
Net passenger revenue	12,042	10,938	11,604	12,709	11,912	
Net freight revenue	842	821	764	959	903	
Tours and travel revenue	84	172	223	124	126	
Contract Work Revenue	347	402	426	454	434	
Other	1,579	1,439	1,535	1,381	1,150	
Total Revenue	14,894	13,772	14,552	15,627	14,525	
Manpower and staff related	3,739	3,405	3,684	3,533	3,335	
Aircraft operating variable	2,749	2,675	2,834	2,608	2,616	
Fuel	3,627	3,283	3,602	3,701	3,337	
Selling and marketing	626	572	632	755	503	
Property	398	396	402	346	351	
Computer and communication	409	405	406	382	527	
Capacity hire	258	249	274	276	303	
Ineffective and non-designated derivatives	120	173	(105)	55	122	
Other	739	633	765	768	652	
Operating expenditure	12,665	11,791	12,494	12,424	11,746	
Non-cancellable operating lease rentals	566	525	450	400	415	
Depreciation and amortisation	1,249	1,199	1,390	1,469	1,363	
Share of net profit of associates and jointly controlled entities	(22)	4	15	(28)	(47)	
Statutory EBIT	436	253	203	1,362	1,047	
Finance income	192	181	207	285	244	
Finance costs	(305)	(256)	(229)	(239)	(259)	
Net Finance income / (costs)	(113)	(75)	(22)	46	(15)	
Statutory Profit before tax	323	178	181	1,408	1,032	
Income tax expense	74	62	58	438	313	
Statutory Profit after tax	249	116	123	970	720	
Underlying Profit before tax	552	377	100	NA	NA	
Summarised Balance Sheet \$M						
Current assets excluding cash and equivalents	2,145	2,128	2,349	3,017	2,271	
Cash and cash equivalents	3,496	3,704	3,617	2,599	3,363	
Non-current assets	15,217	14,078	14,083	14,084	13,972	
Total assets	20,858	19,910	20,049	19,700	19,606	
Current liabilities	6,235	6,241	6,714	7,604	6,504	
Non-current liabilities	8,472	7,688	7,570	6,361	6,907	
Total equity	6,151	5,981	5,765	5,735	6,195	
Total liabilities and equity	20,858	19,910	20,049	19,700	19,606	
Summarised Cash Flow Statement \$M						
Net cash from operating activities	1,782	1,351	1,149	2,128	2,353	
Net cash used in investing activities, excluding capital expenditure	(71)	43	367	102	16	
Capital expenditure	(2,407)	(1,688)	(1,530)	(1,424)	(1,236)	
Net cash from/(used in) financing activities	508	381	1,032	(1,570)	(672)	
Net change in cash held (inc FX on cash)	(208)	87	1,018	(764)	461	
Key ratios						
Earnings per share	cents	11.0	4.9	5.6	49.0	36.4
Net debt (on balance sheet)	\$M	2,971	2,236	1,923	1,769	1,392
Net debt including off balance sheet commitments	\$M	6,970	6,197	5,696	4,621	3,976
Net debt to net debt plus equity ratio		33:67	27:73	25:75	24:76	18:82
Net debt to net debt plus equity including off balance sheet debt, excluding hedge reserve		53:47	51:49	50:50	46:54	39:61
Return on equity	%	4.0	1.9	2.1	16.9	11.6
Average full-time equivalent employees, FTE	#	32,629	32,489	33,966	33,670	34,267

Please refer to notes on page 31

for the year ended 30 June

QANTAS GROUP

Income Statement \$M

	2006	2005	2004	2003	2002
Net passenger revenue	10,504	9,835	8,978	8,993	9,028
Net freight revenue	888	760	470	511	564
Tours and travel revenue	128	144	140	132	90
Contract Work Revenue	469	485	503	531	479
Other	1,067	861	692	644	578
Total Revenue	13,056	12,085	10,783	10,811	10,738
Manpower and staff related	3,322	3,245	2,939	3,018	2,689
Aircraft operating variable	2,525	2,436	2,227	2,405	2,201
Fuel	2,802	1,932	1,356	1,540	1,570
Selling and marketing	470	444	466	547	1,159
Property	320	301	310	287	264
Computer and communication	488	492	439	412	408
Capacity hire	370	341	287	382	500
Ineffective and non-designated derivatives	-	-	-	-	-
Other	467	365	412	488	354
Operating expenditure	10,764	9,555	8,435	9,078	9,146
Non-cancellable operating lease rentals	356	310	264	284	256
Depreciation and amortisation	1,250	1,100	1,006	891	694
Share of net profit of associates and jointly controlled entities	(39)	(2)	(20)	(10)	(36)
Statutory EBIT	726	1,122	1,098	567	679
Finance income	163	117	126	108	69
Finance costs	(218)	(212)	(260)	(172)	(118)
Net Finance income / (costs)	(55)	(95)	(134)	(65)	(48)
Statutory Profit before tax	671	1,027	965	502	631
Income tax expense	191	263	316	156	202
Statutory Profit after tax	480	764	649	347	429
Underlying Profit before tax	NA	NA	NA	NA	NA

Summarised Balance Sheet \$M

Current assets excluding cash and equivalents	2,150	1,806	1,957	1,939	2,971
Cash and cash equivalents	2,902	1,904	1,365	2,016	785
Non-current assets	14,131	14,425	14,252	13,019	11,046
Total assets	19,183	18,134	17,574	16,974	14,802
Current liabilities	5,430	4,635	5,190	4,767	5,581
Non-current liabilities	7,672	7,072	6,544	6,945	4,967
Total equity	6,081	6,427	5,840	5,262	4,254
Total liabilities and equity	19,183	18,134	17,574	16,974	14,802

Summarised Cash Flow Statement \$M

Net cash from operating activities	2,026	1,950	1,999	1,291	1,143
Net cash used in investing activities, excluding capital expenditure	638	287	(226)	142	157
Capital expenditure	(1,527)	(1,683)	(1,944)	(3,137)	(2,463)
Net cash from/(used in) financing activities	(138)	(15)	(481)	2,936	1,689
Net change in cash held	998	539	(651)	1,231	526

Key ratios

	Unit					
Earnings per share	cents	24.9	40.8	35.7	20.0	29.1
Net debt (on balance sheet)	\$M	2,248	2,844	3,506	3,076	1,905
Net debt including off balance sheet commitments	\$M	4,919	5,039	5,574	5,182	4,110
Net debt to net debt plus equity ratio		27:73	31:69	38:62	37:63	31:69
Net debt to net debt plus equity including off balance sheet debt, excluding hedge reserve		46:54	45:55	49:51	51:49	49:51
Return on equity	%	7.9	11.9	11.1	6.5	10.1
Average full-time equivalent employees, FTE	#	34,832	35,520	33,862	34,872	33,044



HALF YEAR FINANCIAL OVERVIEW

for the 6 months ended

QANTAS GROUP

Income Statement \$M

	30 Jun 2011	31 Dec 2010	30 Jun 2010	31 Dec 2009	30 Jun 2009
Net passenger revenue	5,854	6,188	5,362	5,576	5,196
Net freight revenue	395	447	424	397	271
Tours and travel revenue	21	63	84	88	117
Contract Work Revenue	166	181	214	188	220
Other	867	712	779	660	680
Total Revenue	7,303	7,591	6,863	6,909	6,484
Manpower and staff related	1,859	1,880	1,675	1,730	1,746
Aircraft operating variable	1,283	1,466	1,304	1,371	1,315
Fuel	1,913	1,714	1,719	1,564	1,552
Selling and marketing	314	312	295	277	252
Property	199	199	196	200	199
Computer and communication	189	220	193	212	191
Capacity hire	124	134	127	122	130
Ineffective and non-designated derivatives	92	28	78	95	(167)
Other	337	402	265	368	352
Operating expenditure	6,310	6,355	5,852	5,939	5,570
Non-cancellable operating lease rentals	283	283	272	253	236
Depreciation and amortisation	643	606	624	575	730
Share of net profit of associates and jointly controlled entities	(5)	(17)	5	(1)	20
EBIT	72	364	110	143	(72)
Finance income	91	101	107	74	92
Finance costs	(162)	(143)	(129)	(127)	(127)
Net Finance income / (costs)	(71)	(42)	(22)	(53)	(35)
Profit before tax	1	322	88	90	(107)
Income tax expense	9	(83)	32	30	(14)
Profit after tax	10	239	56	60	(93)
Underlying Profit before tax	135	417	110	267	61

Summarised Balance Sheet \$M

Current assets excluding cash and equivalents	2,145	2,285	2,128	2,200	2,349
Cash and cash equivalents	3,496	3,337	3,704	3,498	3,617
Non-current assets	15,217	14,433	14,078	14,143	14,083
Total assets	20,858	20,055	19,910	19,841	20,049
Current liabilities	6,235	6,222	6,241	6,396	6,714
Non-current liabilities	8,472	7,803	7,688	7,690	7,570
Total equity	6,151	6,030	5,981	5,755	5,765
Total liabilities and equity	20,858	20,055	19,910	19,841	20,049

Summarised Cash Flow Statement \$M

Net cash from operating activities	1,039	743	824	483	771
Net cash used in investing activities, excluding capital expenditure	(27)	(44)	86	1	(22)
Capital expenditure	(1,375)	(1,032)	(678)	(1,010)	(150)
Net cash from/(used in) financing activities	528	(20)	(26)	407	187
Net change in cash held	165	(353)	206	(119)	786

Key ratios

	Unit					
Earnings per share	cents	0.4	10.6	2.5	2.6	(5.2)
Net debt (on balance sheet)	\$M	2,971	2,558	2,236	2,353	1,923
Net debt including off balance sheet commitments	\$M	6,970	6,605	6,197	6,154	5,696
Net debt to net debt plus equity ratio		33:67	30:70	27:73	29:71	25:75
Net debt to net debt plus equity including off balance sheet debt, excluding hedge reserve		53:47	52:48	51:49	51:49	50:50
Net tangible asset per share	\$	2.45	2.42	2.35	2.25	2.25
Average full-time equivalent employees, FTE	#	32,629	32,369	32,489	32,386	33,966

for the 6 months ended

QANTAS GROUP

Income Statement \$M

	31 Dec 2008	30 Jun 2008	31 Dec 2007	30 Jun 2007	31 Dec 2006
Net passenger revenue	6,408	6,221	6,488	5,936	5,984
Net freight revenue	493	469	490	409	494
Tours and travel revenue	106	52	72	63	70
Contract Work Revenue	206	228	226	220	215
Other	855	872	509	498	530
Total Revenue	8,068	7,842	7,785	7,126	7,292
Manpower and staff related	1,938	1,814	1,719	1,647	1,687
Aircraft operating variable	1,519	1,238	1,370	1,307	1,301
Fuel	2,050	1,994	1,707	1,602	1,735
Selling and marketing	380	424	331	356	336
Property	203	175	171	186	165
Computer and communication	215	146	236	132	187
Capacity hire	144	142	134	143	160
Ineffective and non-designated derivatives	62	73	(18)	(11)	133
Other	413	465	303	434	211
Operating expenditure	6,924	6,471	5,953	5,795	5,915
Non-cancellable operating lease rentals	214	200	200	205	210
Depreciation and amortisation	660	703	766	656	707
Share of net profit of associates and jointly controlled entities	(5)	(11)	(17)	(33)	(14)
EBIT	275	479	883	504	472
Finance income	115	143	142	137	107
Finance costs	(102)	(119)	(120)	(126)	(129)
Net Finance income / (costs)	13	24	22	11	(22)
Profit before tax	288	503	905	515	450
Income tax expense	72	151	287	149	143
Profit after tax	216	352	618	366	307
Underlying Profit before tax	39	NA	NA	NA	NA

Summarised Balance Sheet \$M

Current assets excluding cash and equivalents	4,079	3,017	2,609	2,225	1,632
Cash and cash equivalents	2,831	2,599	2,910	3,363	3,053
Non-current assets	15,587	14,084	14,121	13,906	14,279
Total assets	22,497	19,700	19,640	19,494	18,964
Current liabilities	8,599	7,604	7,081	6,939	5,698
Non-current liabilities	8,250	6,361	6,921	6,915	7,188
Total equity	5,648	5,735	5,638	5,640	6,078
Total liabilities and equity	22,497	19,700	19,640	19,494	18,964

Summarised Cash Flow Statement \$M

Net cash from operating activities	378	834	1,294	1,374	1,050
Net cash used in investing activities, excluding capital expenditure	389	31	71	16	-
Capital expenditure	(1,380)	(606)	(818)	(621)	(661)
Net cash from/(used in) financing activities	845	(570)	(1,000)	459	(238)
Net change in cash held	232	(311)	(453)	310	151

Key ratios

	Unit					
Earnings per share	cents	10.7	17.4	31.6	18.4	15.6
Net debt (on balance sheet)	\$M	3,214	1,769	1,704	1,392	1,961
Net debt including off balance sheet commitments	\$M	6,473	4,621	4,170	3,976	4,510
Net debt to net debt plus equity ratio		36:64	24:76	23:77	20:80	24:76
Net debt to net debt plus equity including off balance sheet debt, excluding hedge reserve		55:45	46:54	43:57	41:59	42:58
Net tangible asset per share	\$	2.55	2.79	2.73	2.65	2.61
Average full-time equivalent employees, FTE	#	34,110	33,670	33,342	34,267	33,725



OPERATING KEY FIGURES

for the year ended 30 June

Qantas Group	Unit	2011	2010	2009	2008	2007
Passenger related key figures						
Number of destinations (including code share)	#	201	184	151	146	140
Number of destinations (excluding code share)	#	86	85	80	85	85
Countries (excluding code share)	#	19	19	17	16	17
Number of passengers	'000	44,456	41,428	38,438	38,621	36,449
Revenue passenger kilometre	m	106,759	100,727	99,176	102,466	97,622
Available seat kilometre	m	133,281	124,717	124,594	127,019	122,119
Passenger load factor	%	80.1	80.8	79.6	80.7	79.9
Passenger revenue/RPK	cents	11.3	10.9	11.7	12.4	12.2
Yield (excluding foreign exchange)	cents	10.9	10.6	11.3	12.1	11.7
Yield variance to prior year (excluding foreign exchange variances)	%	5.8	(7.2)	(4.3)	3.3	6.9
Weight related cargo key figures¹						
Available Freight tonne kilometre	m	4,071	3,925	4,046	4,322	4,216
Terminal handling tonnes	'000	541	584	577	648	640
Aircraft related						
Number of aircraft (including freighters and Jetstar Asia)	#	283	254	240	228	213
Average age of aircraft ²	Years	8.6	8.6	8.8	9.3	9.3
Fuel and efficiency key figures						
Average WTI crude oil	USD	90	75	70	97	63
Average Brent crude oil	USD	97	75	70	96	65
Average Singapore jet fuel	USD	109	83	85	115	79
Average AUD/USD	cents	0.99	0.88	0.75	0.90	0.79
Consumption of jet fuel ³ (in barrels)	'000	31,430	29,761	29,944	30,681	30,108
Qantas on time domestic departures < 15 minutes	%	83.8	87.7	80.8	79.1	86.7
QantasLink on time domestic departures < 15 minutes	%	78.5	86.8	83.7	82.8	88.0
Jetstar on time domestic departures < 15 minutes	%	77.1	82.1	76.8	78.4	85.9
Other key figures						
Number of frequent flyer members	m	7.9	7.2	5.8	5.3	4.9
Number of meals prepared	m	37	35	36	39	38
Visits at www.qantas.com	m	111	97	92	79	67

1. Refers only to international freight. Australian domestic freight is handled through a joint venture with Australia Post.

2. Excluding freighters

3. Jet fuel consumption includes Jetstar Asia from April 2009 onwards.

Notes to the financial statements

1. 2011 and 2010 financial results reflect the 2011 Annual Report. 2009 financial results reflect the 2010 Annual Report. 2001 – 2008 financial results correspond to numbers reported in the respective period's Annual Report unless noted otherwise below.
2. 2006 – 2009 results were prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The reported results also comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).
3. 2001 – 2005 reported results have not been restated for compliance with IFRS and interpretations adopted by the IASB and reflect the AASB in the relevant period.
4. 2001 – 2007 Tours and travel expense has been offset by Tours and travel revenue to provide consistency with accounting changes made in 2009.
5. 2007 Ineffective and non-designated derivatives – open positions and Ineffective and non-designated derivatives – closed positions have been merged with Ineffective and non-designated derivatives to provide consistency with accounting changes made in 2009.
6. 2008 revenue and expenses have been adjusted to include the foreign exchange and fuel hedging allocations as per comparatives in the 2009 Annual Report.
7. Earnings per share has not been restated in 2001 – 2007 for the impact of the 2009 equity raising.
8. Half year numbers in italic have been restated in later years.

SHARE DATA, OWNERSHIP AND DIVIDENDS

Qantas Airways Limited listed on the Australian Securities Exchange (ASX) in July 1995 with a float price of \$1.90.

Key financial equity data

Year ending	Unit	2011	2010	2009	2008	2007
Market capitalisation	\$M	4,168	4,983	4,553	5,759	11,116
Number of shares traded	m	3,866	4,104	3,036	3,359	6,024
Weighted average number of ordinary shares	m	2,265	2,265	2,051	1,929	1,977
Number of shares on issue at year end	m	2,265	2,265	2,265	1,894	1,985
Underlying profit before tax per share	cents	24	17	5	NA	NA
Statutory profit before tax per share	cents	14	8	9	73	49
Statutory profit after tax per share	cents	11	5	6	50	34
Net tangible asset per share	\$	2.45	2.35	2.25	2.79	2.93
Share price at 30 June	\$	1.84	2.20	2.01	3.04	5.60
Highest price during the year	\$	2.91	3.02	3.71	6.05	5.83
Lowest price during the year	\$	1.80	1.85	1.42	3.01	2.93
Average price during the year	\$	2.42	2.66	2.49	4.85	4.63

Substantial Shareholders

The following shareholders have notified that they are substantial shareholders of Qantas Airways Limited:

Shareholder	Ordinary shares held	% of issued shares	Notification date
National Australia Bank Limited	114,301,097	5.05	25 August 2011
Commonwealth Bank of Australia	171,298,307	7.56	4 August 2011
Franklin Resources, Inc	202,442,206	8.94	11 July 2011
Balance Equity Management Pty Ltd	183,766,868	8.11	17 June 2011
The Capital Group Companies, Inc	154,926,282	6.84	1 March 2011
Westpac Banking Corporation Group	115,135,358	5.08	28 January 2010

Historical number of shares

Date	Event	Number of shares	Total number of shares
February 04	Qantas Long-Term Executive Incentive Plan	10,470	1,822,259,643
April 04	Dividend Reinvestment Plan	22,855,397	1,845,115,040
August 04	Qantas Long-Term Executive Incentive Plan	388	1,845,115,428
September 04	Dividend Reinvestment Plan	22,675,271	1,867,790,699
February 05	Qantas Long-Term Executive Incentive Plan	59,177	1,867,849,876
April 05	Dividend Reinvestment Plan	29,798,872	1,897,648,748
September 05	Dividend Reinvestment Plan	31,024,893	1,928,673,641
February 06	Qantas Long-Term Executive Incentive Plan	2,053,015	1,930,726,656
April 06	Dividend Reinvestment Plan	24,308,788	1,955,035,444
October 06	Dividend Reinvestment Plan	28,991,867	1,984,027,311
February 07	Qantas Long-Term Executive Incentive Plan	963,037	1,984,990,348
August 07	Qantas Long-Term Executive Incentive Plan	516,085	1,985,506,433
October 07 – May 08	On-market Share Buyback	(91,062,424)	1,894,444,009
October 08	Dividend Reinvestment Plan	55,176,946	1,949,620,955
February 09	Institutional Placement	270,270,271	2,219,891,226
March 09	Share Purchase Plan	17,182,087	2,237,073,313
April 09	Dividend Reinvestment Plan	28,050,307	2,265,123,620

Foreign ownership

Under the Qantas Constitution and the Qantas Sale Act:

- foreign persons are restricted from holding a relevant interest in shares in Qantas which, in aggregate, exceeds 49 per cent of the issued share capital of Qantas
- any one foreign person is restricted from holding a relevant interest in shares in Qantas which exceeds 25 per cent of the issued share capital of Qantas
- foreign airlines are restricted from holding a relevant interest in shares in Qantas which, in aggregate, exceeds 35 per cent of the issued share capital of Qantas

While only Qantas is subject to the Qantas Sale Act, the 49 per cent foreign ownership limit is also imposed on other Australian-designated international airlines by the Air Navigation Act.

The ASX Listing Rules require Qantas to notify the market when the level of foreign ownership is within 5 percentage points of a foreign ownership limit and then for each percentage point change to the disclosed foreign ownership level.

Dividend history

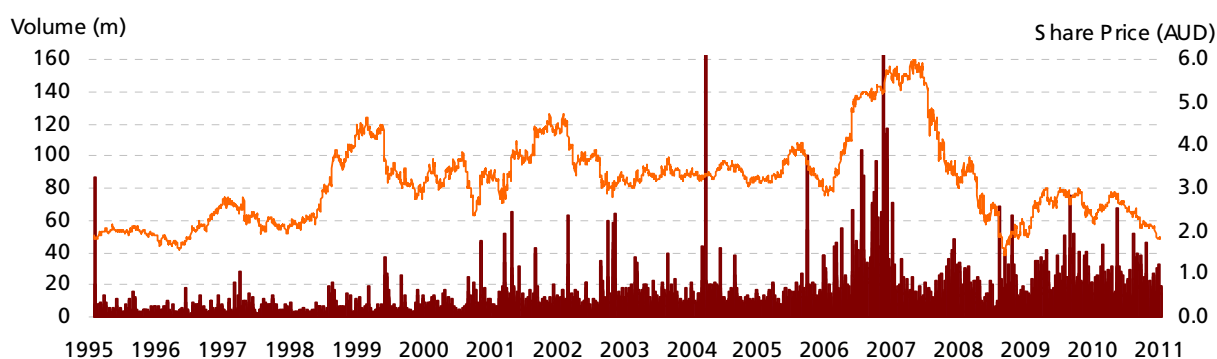
Year	Final	Interim	Special
2010/11	–	–	–
2009/10	–	–	–
2008/09	–	6.0	–
2007/08	17.0	18.0	–
2006/07	15.0	15.0	–
2005/06	11.0	11.0	–
2004/05	10.0	10.0	–
2003/04	9.0	8.0	–
2002/03	9.0	8.0	–
2001/02	9.0	8.0	–
2000/01	9.0	11.0	–
1999/00	11.0	11.0	37.0
1998/99	11.0	8.0	13.5
1997/98	7.0	6.5	–
1996/97	6.5	6.5	–

Analysts covering Qantas*

Citi	Shavarsh Bedrossian
CLSA	Robert Bruce
Commonwealth Bank	Matthew Crowe
Credit Suisse	Anthony Moulder
Deutsche Bank	Cameron McDonald
Goldman Sachs JBWere	Andrew Gibson
JP Morgan	Scott J Carroll
Macquarie	Name withheld
Merrill Lynch	Matthew Spence
Moelis & Company	Simon Fitzgerald
Morgan Stanley	Scott Kelly
Nomura	David Fraser
RBS	Mark Williams
UBS	Simon Mitchell

*These analysts follow the Qantas Group and are known to the Company. Please note this list is provided for informational purposes only and any opinions, estimates, forecasts, predictions, conclusions, recommendations or other statements regarding the Qantas Group performance made by these analysts are theirs alone and do not constitute the opinions, estimates, forecasts, predictions, conclusions, recommendations or statements of the Qantas Group or its management. The Qantas Group does not by its reference above or distribution imply its endorsement of or concurrence with such information. Analyst reports may contain errors or omissions and the Qantas Group does not provide any assurance that facts stated in any analyst report are correct. The Qantas Group undertakes no duty to update or correct information contained in any analyst report.

Qantas Share Price History

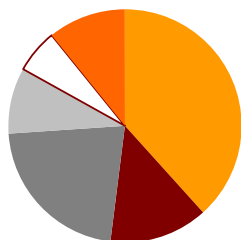


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OPERATIONAL AND COMMERCIAL DATA

PASSENGER AND MARKET SHARE DATA

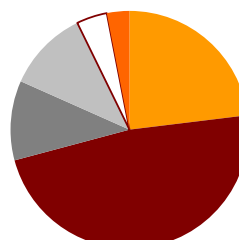
Distribution of Passengers – FY11



Qantas Domestic	38%
Qantas International	13%
Jetstar Domestic	22%
Jetstar International	9%
Jetstar Asia	6%
Qantas Link	11%

Source: Qantas

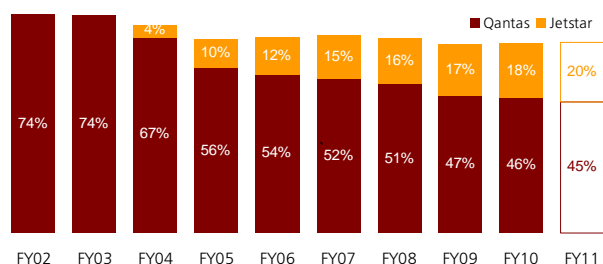
Distribution of Revenue Passenger Kilometres – FY11



Qantas Domestic	23%
Qantas International	48%
Jetstar Domestic	11%
Jetstar International	11%
Jetstar Asia	4%
Qantas Link	3%

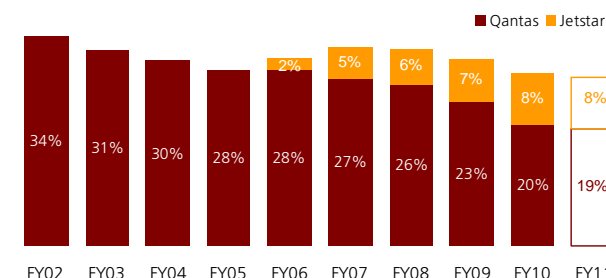
Source: Qantas

Market Share - Domestic



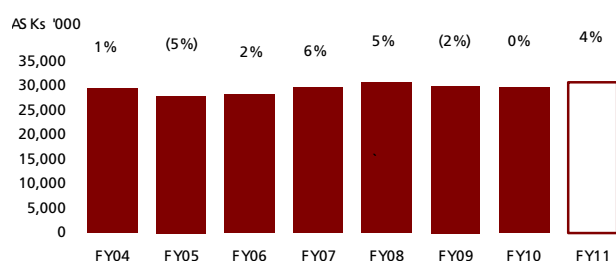
Source: Qantas

Market Share – International



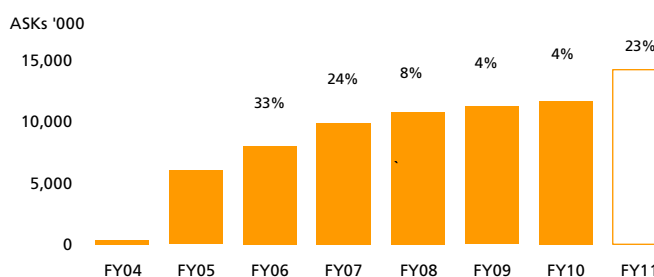
Source: Qantas

Qantas Domestic Growth Rates



Source: Qantas traffic statistics

Jetstar Domestic Growth Rates



Source: Qantas traffic statistics

FLEET

At 30 June 2011, the Qantas Group operated a total passenger fleet of 278 aircraft. The Qantas Group encompasses Qantas and Jetstar including Jetstar Asia but excludes Jetstar Pacific and Air Pacific. In addition, Express Freighters Australia operated four dedicated B737-300 freighter aircraft and dry lease one dedicated B767-300ER freighter aircraft. The Qantas Group wet-leases three B747-400 freighter aircraft.

Aircraft Orders

FY12 – FY18

Firm Order

Airbus A330-200	3
Airbus A320-200/A321-200	89
Airbus A380-800	4
Boeing B787-8/B787-9	50
Boeing B737-800	23
Boeing B717-200	2
Fokker F100	10
Bombardier Q400	6
Total	187

Aircraft List Prices

USD million (mean)

Boeing B737-800	81
Boeing B767-300ER	165
Boeing B787-8	186
Boeing B787-9	218
Airbus A320	85
Airbus A321	100
Airbus A330-200	201
Airbus A330-300	223
Airbus A380	375

Source: Boeing and Airbus websites, August 2011

Qantas negotiates its own price with both Airbus and Boeing. The agreed price is not disclosed due to commercial confidentiality reasons.

Fleet Retirements

From September 2009 through to January 2011, four B767-300 and four B747-400 have been retired from the Qantas Fleet and subsequently sold.

Qantas Group Fleet – FY11

Aircraft Type	Owned ¹	Operating Lease	Total
Qantas			
Airbus A380-800	10	–	10
Boeing B747-400ER	6	–	6
Boeing B747-400	17	3	20
Boeing B767-300ER	17	8	25
Boeing B737-800	37	9	46
Boeing B737-400	19	–	19
Airbus A330-200	–	8	8
Airbus A330-300	10	–	10
	116	28	144
QantasLink			
Boeing B717-200	–	11	11
Bombardier Q200/Q300	21	–	21
Bombardier Q400	22	–	22
	43	11	54
Jetstar			
Airbus A330-200	6	3	9
Airbus A320-200 ²	6	50	56
Airbus A321-200	1	5	6
	13	58	71
Network Aviation			
Fokker F100	2	–	2
EMB 120	4	3	7
	6	3	9
Total Passenger Fleet	178	100	278
Express Freighters Australia	4	1	5

1. Includes Hire Purchase and Finance Lease Aircraft

2. Includes Jetstar Asia, excludes Jetstar Pacific



AIRCRAFT AS AT 30 JUNE 2011

Airbus A380



	Unit	
Number of aircraft	#	10
Max number of seats	seats	450
Configuration	seats	P 14, J 72, W 32, Y 332
Length	m	72.6
Wingspan	m	79.8
Altitude	m	13,700
Cruising speed	km/h	920
Range (full payload)	km	14,800
Engines	Type	Rolls Royce Trent 900s

Boeing B747 – 400/400ER



	Unit	
Number of aircraft	#	20/6
Max number of seats	seats	412/353/307
Configuration	seats	Kangaroo: P 14, J 52, W 32, Y 255 Pacific: P 14, J 66, W 40, Y 187 Other: J 56, Y 356
Length	m	70.7
Wingspan	m	64.4
Altitude	m	13,700
Cruising speed	km/h	920
Range (full payload)	km	12,700/12,971
Engines	Type	Rolls Royce RB211-524G-T/ General Electric CF6-80C2B5F

Boeing B767 ER



	Unit	
Number of aircraft	#	25
Max number of seats	seats	229/244/254
Configuration	seats	J 25-30, Y 204-224
Length	m	54.9
Wingspan	m	60.3
Altitude	m	13,100
Cruising speed	km/h	890
Range (full payload)	km	9,085
Engines	Type	Rolls Royce RB211-524H/ General Electric CF6-80C2-B6

Airbus A320/A321*



	Unit	
Number of aircraft	#	56/6
Max number of seats	seats	177/220
Configuration	seats	All Economy
Length	m	37.7/44.5
Wingspan	m	34.1/34.1
Altitude	m	12,000
Cruising speed	km/h	850/830
Range (full payload)	km	4,800
Engines	Type	International Aero Engines V2500

*operated by Jetstar and Jetstar Asia

Airbus A330 – 200*/300



	Unit	
Number of aircraft	#	17/10
Max number of seats	seats	303/297
Configuration	seats	J 30-42, Y 199 – 268
Length	m	58.4/63.7
Wingspan	m	60.3/60.3
Altitude	m	12,500
Cruising speed	km/h	890
Range (full payload)	km	8,500/7,000
Engines	Type	General Electric CF6-80E1A4

*9 operated by Jetstar

Boeing B737 – 400/800



	Unit	
Number of aircraft	#	19/46
Max number of seats	seats	144/168
Configuration	seats	J 12, Y 132-156
Length	m	33.4/36.4/39.5
Wingspan	m	28.9/28.9/35.8
Altitude	m	11,300/11,300/12,500
Cruising speed	km/h	830/830/850
Range (full payload)	km	4,100/4,400/4,800
Engines	Type	CFM International (CFM56-3B-2 & 3C-1, CFM56-7B24 & 7B26)

Bombardier Dash 8/Q400



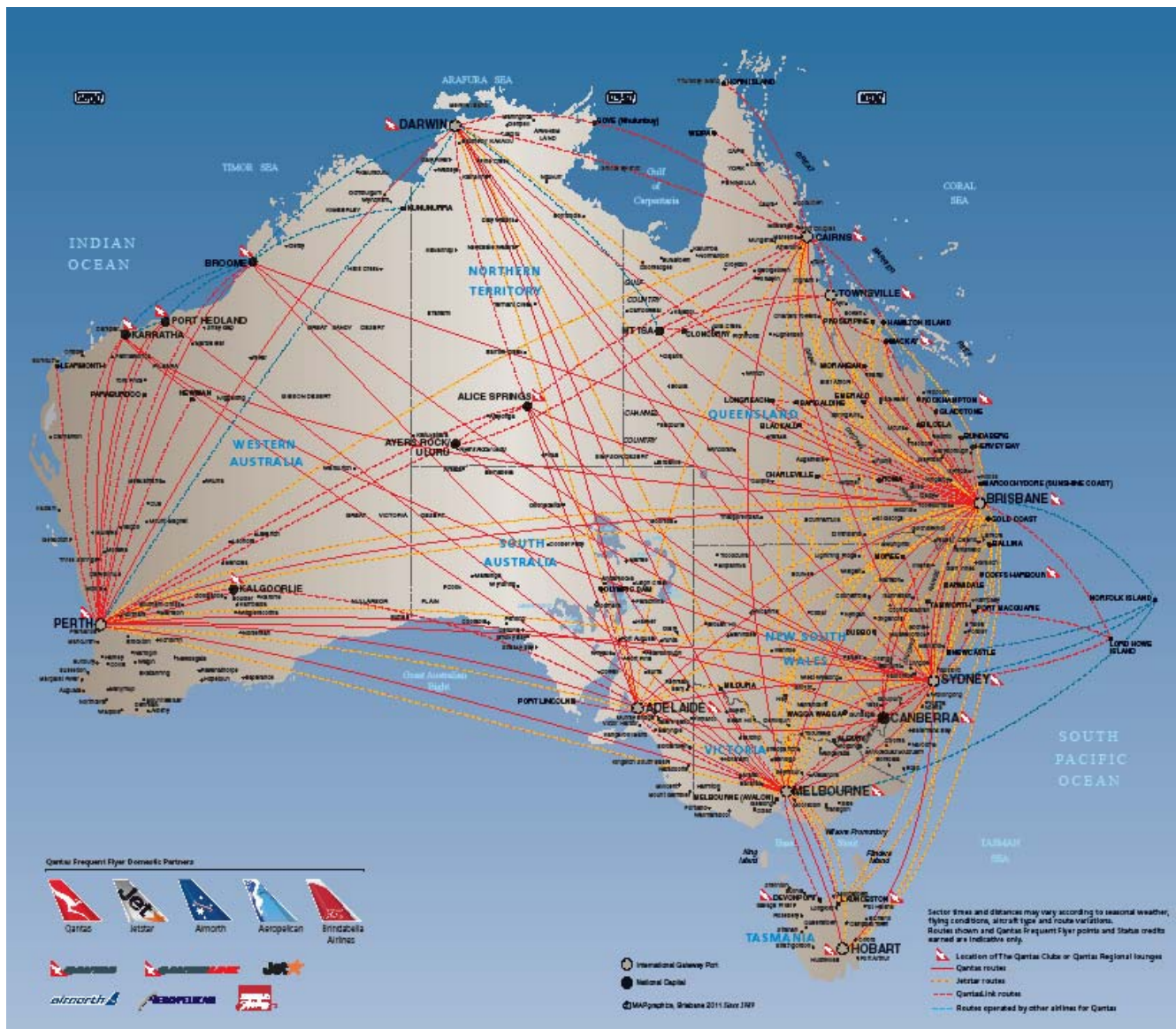
	Unit	
Number of aircraft	#	21/22
Max number of seats	seats	50/74
Configuration	seats	All Economy
Length	m	25.7/32.8
Wingspan	m	27.4/28.4
Altitude	m	7,600
Cruising speed	km/h	500/670
Range (full payload)	km	1,557/1,668
Engines	Type	Pratt & Whitney PW150A

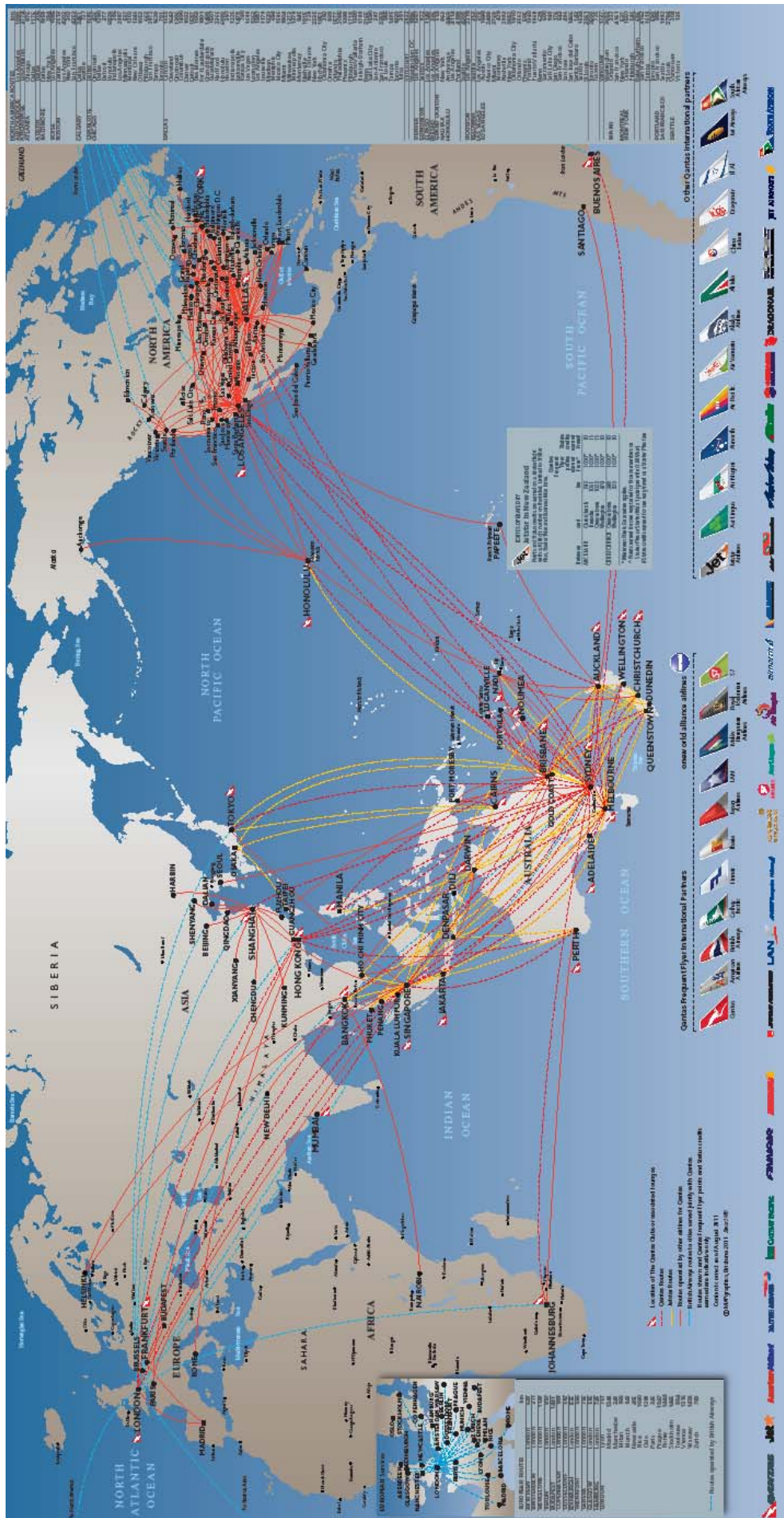
Boeing B717



	Unit	
Number of aircraft	#	11
Max number of seats	seats	115
Configuration	seats	All Economy
Length	m	37.8
Wingspan	m	28.4
Altitude	m	10,700
Cruising speed	km/h	850
Range (full payload)	km	2,408
Engines	Type	Rolls Royce Deutschland BR-715

QANTAS GROUP ROUTE MAPS





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ALLIANCES AND PARTNERS

Qantas Group is a founding member of **oneworld**. In addition, Qantas has 26 bilateral codeshare partners extending the Qantas network beyond its own destinations offering passengers a global network.

oneworld

The **oneworld** alliance comprises some of the world's leading airlines. Customers can earn and redeem frequent flyer points and earn status credits with all member airlines on eligible fares across the **oneworld** network and, for top tier members, enjoy their privileges across over 550 lounges worldwide. Alliance members also work together to make travel across their combined networks as smooth as possible. **oneworld** was the first airline alliance to offer interline e-ticketing across all member carriers, meaning customers can travel with the convenience of a single electronic ticket across the combined **oneworld** network. **oneworld** also offers an unrivalled choice of tickets, including the popular Explorer round-the-world fare and Visit passes for each continent. QantasLink is an **oneworld** affiliate airline.

Joint Services Agreement (JSA)

Qantas and **oneworld** partner British Airways (BA) entered into a Joint Services Agreement (JSA) in 1995, giving customers a wider range of routing and fare options between Australia, Asia and Europe, reciprocal member lounge access and frequent flyer program benefits and the establishment of joint lounges in a number of ports. In March 2010, the Australian Competition and Consumer Commission (ACCC) renewed its approval of the continuation of the JSA for a further five years. The authorisation gives Qantas and BA the ability to coordinate schedules and pricing on their services between Australia, Asia and Europe.

The JSA is a profit sharing arrangement where costs and revenue on the JSA routes are aggregated and the benefits are shared based on the capacity contribution. As a result of the JSA, Qantas and BA have an extensive codeshare relationship and share a wide variety of resources. The partnership has led to the integration of operations in Bangkok and Singapore, joint or co-located airport and sales offices in a number of locations around the world and the sharing of airport lounges in Bangkok, Hong Kong, and Singapore. Together, under the JSA, Qantas and BA operate 49 return weekly services between Australia, the United Kingdom and Continental Europe through the London and Frankfurt gateways.

On 16 August 2011, as part of the outcome of the strategic review of Qantas International, Qantas announced that it will restructure the JSA with BA. From early 2012, Qantas will fly Australia-Bangkok and Australia-Hong Kong, while BA will operate Bangkok-London and Hong Kong-London, maximising the airlines' respective network strengths. Both Qantas and BA will continue flying to London via the primary hub of Singapore providing a market leading customer proposition.

Joint Business Agreements

In May 2011, Qantas and American Airlines submitted applications to the Australian Competition and Consumer Commission (ACCC) and other relevant authorities seeking regulatory approval for an expanded commercial relationship (Joint Business Agreement).

The proposed Joint Business Agreement will involve coordination of operations between Australia / New Zealand and the United States giving Qantas a more balanced network footprint in the United States and providing more choice and convenience for travellers.

The ACCC issued a draft determination proposing to grant authorisation in respect of the JBA for five years on 22 August 2011. Final determination of the application is expected by November 2011.

Other codeshare partners

In addition to its bilateral relationships with BA, American Airlines and Air Pacific, Qantas has codeshare relationships with many other leading airlines, offering customers an extended network that provides seamless access to destinations around the world. As at 30 June 2011, Qantas had codeshare arrangements with 26 partners and will continue to explore new opportunities.

CODE SHARE DETAILS

Partner	Explanation of code share and co-operations
Aircalin	Qantas and Aircalin codeshare on respective services between Sydney and Noumea and between Brisbane and Noumea.
Air Niugini	Qantas codeshares on all Air Niugini services between Sydney and Port Moresby and between Brisbane and Port Moresby.
Air France	Qantas codeshares on all Air France services between Singapore and Paris and between Hong Kong and Paris. Air France codeshares on selected Qantas services between Singapore and Sydney, Melbourne, Brisbane, Adelaide and Perth and between Hong Kong and Sydney, Melbourne and Brisbane.
Airnorth	Qantas codeshares on Airnorth services between Kununurra and Perth, Darwin and Broome and also between Darwin and Dili, Mount Isa, Port Hedland and Karratha (via Broome).
Air Pacific	Qantas codeshares on Air Pacific services between Nadi and Sydney, Melbourne, Brisbane, Honolulu, Los Angeles, Auckland and Christchurch.
Air Tahiti Nui	Qantas codeshares on all Air Tahiti Nui services between Papeete and Auckland and also selected services between Papeete and Los Angeles. Air Tahiti Nui codeshares on selected Qantas services between Auckland and Sydney.
Air Vanuatu	Qantas codeshares on all Air Vanuatu services between Port Vila and Sydney, Melbourne and Brisbane and also between Espiritu Santo and Brisbane.
Alaska Airlines/ Horizon Air	Qantas codeshares on Alaska services from: <ul style="list-style-type: none"> Los Angeles to Seattle, Vancouver, Portland, Anchorage, Mexico City, San Jose, Cabo San Lucas, Puerto Vallarta; San Francisco to Seattle and Portland (discontinued from 01Jan12); Honolulu to Seattle, Anchorage and Portland; Seattle to Vancouver, Edmonton, Calgary, Victoria and Kelowna and Honolulu.
Alliance Airlines	Qantas codeshares on Alliance Airlines services between Adelaide and Olympic Dam.
American Airlines	Qantas codeshares on American Airlines services from: <ul style="list-style-type: none"> Los Angeles to Albuquerque, Austin, Boise, Boston, Chicago, Dallas/Fort Worth, Denver, El Paso, Fresno, Houston, Las Vegas, Miami, Monterey, Nashville, Newark, New York, Oklahoma City, Orlando, Phoenix, Reno, Sacramento, Salt Lake City, Santa Barbara, San Diego, San Francisco, San Jose, St Louis, Washington DC, Toronto and Tucson; Dallas/Fort Worth to Atlanta, Austin, Hartford, Nashville, Baltimore, Boston, Calgary, Cancun, Charlotte, Chicago, Cincinnati, Cleveland, Columbus, Denver, Des Moines, Detroit, Fort Lauderdale, Guadalajara, Grand Rapids, Houston (Bush and Hobby), Indianapolis, Kansas City, Jacksonville, New York (La Guardia and Kennedy), Las Vegas, Lexington, Louisville, Memphis, Mexico City, Madison, Miami, Milwaukee, Minneapolis, Monterrey, Montreal, Newark, New Orleans, Norfolk, Oklahoma City, Omaha, Orlando, Philadelphia, Phoenix, Pittsburgh, Puerto Vallarta, Raleigh Durham, Reno, Salt Lake City, San Antonio, Saint Louis, Tampa, Toronto, Tulsa, Vancouver, and Washington DC (Dulles and Reagan); New York (Kennedy) to Baltimore, Boston, Orlando, Pittsburgh, Raleigh Durham, Tampa, Montreal, Halifax, Toronto; Honolulu to Chicago, Dallas, Los Angeles and San Francisco; Chicago to Atlanta, Cincinnati, Detroit, Indianapolis, Minneapolis, Montreal, New Orleans, Ottawa, Pittsburgh, Tampa, and Toronto; and San Francisco to Boston, Chicago, Dallas/Fort Worth, Miami, New York (Kennedy) and St Louis. American Airlines codeshares on Qantas services from: <ul style="list-style-type: none"> Dallas to Sydney/Brisbane; Los Angeles to Auckland, Brisbane, Melbourne and Sydney; Sydney to New York; and Australian selected domestic routes and Tasman routes.
Asiana Airlines	Qantas codeshares on Asiana services between Seoul and Sydney.

Partner	Explanation of code share and co-operations
British Airways	<p>Qantas and British Airways codeshare on each others' services between Australia, Singapore, Bangkok and both London and Frankfurt.</p> <p>Qantas codeshares on British Airways services beyond London Heathrow to:</p> <ul style="list-style-type: none"> • 25 points in Continental Europe; Amsterdam, Barcelona, Berlin, Brussels, Budapest, Copenhagen, Dusseldorf, Frankfurt, Geneva, Hamburg, Lyon, Madrid, Milan, Munich, Nice, Oslo, Paris (Charles de Gaulles and Orly), Prague, Rome, Stockholm, Toulouse, Vienna, Warsaw and Zurich; • Five points within the United Kingdom; Aberdeen, Edinburgh, Glasgow, Manchester and Newcastle. <p>British Airways codeshares on selected Qantas services;</p> <ul style="list-style-type: none"> • 16 Australian domestic routes; • Seven trans-Tasman routes; and • Between Auckland and Los Angeles.
Cathay Pacific	Qantas codeshares on Cathay Pacific services between Hong Kong and Rome.
China Eastern Airlines	<p>Qantas codeshares on China Eastern services between Shanghai and Beijing, Chengdu, Dalian, Fuzhou, Guangzhou, Harbin, Kunming, Qingdao, Shenyang and Xian and also between Shanghai and Singapore.</p> <p>China Eastern codeshares on selected Qantas services;</p> <ul style="list-style-type: none"> • 11 Australian domestic routes; • Five trans-Tasman routes; and • Between Singapore and Sydney, Melbourne, Brisbane, Perth and Adelaide
Deutsche Bahn	Qantas codeshares on Intercity-Express rail services operated by Deutsche Bahn between Frankfurt and Cologne, Dusseldorf, Hamburg, Hanover, Munich, Nuremberg and Stuttgart.
Eva Air	Qantas codeshares on Eva Air services between Brisbane and Taipei.
Iberia	<p>Qantas codeshares on Iberia services between Madrid and London and between Madrid and Frankfurt.</p> <p>Iberia codeshares on Qantas services between London and Sydney and between Frankfurt and Sydney.</p>
Finnair	<p>Qantas codeshares on all Finnair services between Singapore and Helsinki and between Bangkok and Helsinki.</p> <p>Finnair codeshares on selected Qantas services between Singapore and Sydney, Melbourne, Brisbane, Adelaide and Perth and between Bangkok and Sydney.</p>
Japan Airlines	<p>Qantas codeshares on Japan Airlines services between Singapore and Tokyo (Narita and Haneda).</p> <p>Japan Airlines codeshares on selected Qantas services between Singapore and Adelaide, Brisbane, Melbourne and Perth.</p>
Jet Airways	<p>Qantas codeshares on Jet Airways services between Singapore and New Delhi, and Singapore and Mumbai.</p> <p>Jet Airways codeshares on selected Qantas services between Singapore and Sydney, Melbourne, Brisbane, Perth and Adelaide.</p>
Jetstar	<p>Qantas codeshares on Jetstar services within Domestic Australia , New Zealand and Internationally.</p> <p>Jetstar codeshares on selected Qantas domestic services connecting to Jetstar International services.</p>
Jetstar Asia (3K)	Qantas codeshares on selected Jetstar Asia services.
Kenya Airways	<p>Qantas codeshares on Kenya Airways services between Bangkok and Nairobi.</p> <p>Kenya Airways codeshares on Qantas services between Bangkok and Sydney</p>
LAN Airlines	Qantas codeshares on all LAN operated services between Sydney and Santiago via Auckland.
Malev Hungarian Airlines	Qantas codeshares on Malev services between Budapest and Frankfurt.
Norfolk Air / Our Airline	Qantas codeshares on Norfolk Air services between Norfolk Island and Sydney, Brisbane and Newcastle.
South African Airways	<p>Qantas codeshares on all South African Airways services between Johannesburg and Perth.</p> <p>South African Airways codeshares on all Qantas services between Sydney and Johannesburg.</p>
Vietnam Airlines	Qantas codeshares on Vietnam Airlines services between Ho Chi Minh City and Sydney, and also between Ho Chi Minh City and Melbourne.

QANTAS TRAFFIC AND CAPACITY STATISTICS

for the year ended 30 June

	Unit	2011	2010	2009	2008	2007
Qantas Group						
Passengers	'000	44,456	41,428	38,438	38,621	36,449
Traffic (RPK)	m	106,759	100,727	99,176	102,466	97,622
Capacity (ASK)	m	133,281	124,717	124,594	127,019	122,119
Load factor	%	80.1	80.8	79.6	80.7	79.9
Qantas Domestic						
Passengers	'000	17,073	16,640	16,379	17,105	16,350
Traffic (RPK)	m	24,719	24,092	23,781	24,831	23,709
Capacity (ASK)	m	30,928	29,795	30,013	30,901	29,783
Load factor	%	79.9	80.9	79.2	80.4	79.6
QantasLink						
Passengers	'000	4,857	4,323	4,120	4,204	3,858
Traffic (RPK)	m	3,224	2,936	2,918	2,904	2,507
Capacity (ASK)	m	4,714	4,369	4,281	4,071	3,523
Load factor	%	68.4	67.2	68.2	71.3	71.2
Jetstar Domestic						
Passengers	'000	9,753	8,367	8,110	7,596	6,882
Traffic (RPK)	m	11,369	9,456	9,060	8,602	7,752
Capacity (ASK)	m	14,256	11,615	11,197	10,753	9,944
Load factor	%	79.8	81.4	80.9	80.0	78.0
Qantas International¹						
Passengers	'000	5,977	5,900	7,243	8,138	8,600
Traffic (RPK)	m	51,004	49,979	54,337	59,030	60,709
Capacity (ASK)	m	61,882	60,608	66,871	71,563	74,596
Load factor	%	82.4	82.5	81.3	82.5	81.4
Jetstar International²						
Passengers	'000	4,096	3,910	2,123	1,578	759
Traffic (RPK)	m	11,935	11,037	8,412	7,099	2,945
Capacity (ASK)	m	15,628	14,316	11,355	9,731	4,273
Load factor	%	76.4	77.1	74.1	73.0	68.9
Jetstar Asia³						
Passengers	'000	2,700	2,288	463	–	–
Traffic (RPK)	m	4,508	3,227	668	–	–
Capacity (ASK)	m	5,874	4,014	878	–	–
Load factor	%	76.7	80.4	76.0	–	–

1. Includes Australian Airlines in 2004/05

2. Jetstar International commenced operations in November 2006

3. Jetstar Asia became a Qantas Group subsidiary in April 2009



for the year ended 30 June

	Unit	2006	2005	2004	2003	2002
Qantas Group						
Passengers	'000	34,075	32,658	30,076	28,884	27,128
Traffic (RPK)	m	90,899	86,986	81,276	77,225	75,134
Capacity (ASK)	m	118,070	114,003	104,200	99,509	95,944
Load factor	%	77.0	76.3	78.0	77.6	78.3
Qantas Domestic						
Passengers	'000	15,772	16,145	17,700	16,789	15,063
Traffic (RPK)	m	22,449	22,472	23,711	22,496	20,168
Capacity (ASK)	m	28,347	28,078	29,713	28,754	25,373
Load factor	%	79.2	80.0	79.8	78.2	79.5
QantasLink						
Passengers	'000	3,316	3,058	2,996	3,527	3,641
Traffic (RPK)	m	2,092	1,879	1,931	2,332	2,357
Capacity (ASK)	m	3,048	2,596	2,687	3,233	3,334
Load factor	%	68.6	72.4	71.9	72.1	70.7
Jetstar Domestic						
Passengers	'000	5,599	4,384	315	–	–
Traffic (RPK)	m	5,941	4,346	277	–	–
Capacity (ASK)	m	7,990	6,004	383	–	–
Load factor	%	74.4	72.4	72.3	–	–
Qantas International¹						
Passengers	'000	9,188	9,401	9,111	8,568	8,424
Traffic (RPK)	m	59,948	58,631	55,395	52,397	52,609
Capacity (ASK)	m	78,012	77,834	71,455	67,522	67,237
Load factor	%	76.8	75.3	77.5	77.6	78.2
Jetstar International²						
Passengers	'000	200	–	–	–	–
Traffic (RPK)	m	469	–	–	–	–
Capacity (ASK)	m	673	–	–	–	–
Load factor	%	69.7	–	–	–	–
Jetstar Asia³						
Passengers	'000	–	–	–	–	–
Traffic (RPK)	m	–	–	–	–	–
Capacity (ASK)	m	–	–	–	–	–
Load factor	%	–	–	–	–	–

1. Includes Australian Airlines in 2004/05

2. Jetstar International commenced operations in November 2006

3. Jetstar Asia became a Qantas Group subsidiary in April 2009



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QANTAS PORTFOLIO OF BUSINESSES

QANTAS

Qantas is a single integrated airline providing airline transportation through its two Qantas brands - Qantas and QantasLink. Qantas is comprised of Commercial, Operations and support functions. Qantas Operations comprises Customer Experience, Inflight Services, Cabin Crew and Customer Care, Flight Operations, Engineering, Ground Handling, Catering, and Qantas Aviation Services. Qantas is Australia's largest full service airline, operating a fleet of 207 aircraft, carrying 28 million passengers to 76 destinations in Australia, New Zealand, Asia, North and South America, Africa and Europe. Qantas is a premium, full-service airline offering First, Business, Premium Economy and Economy products on certain international services, Business and Economy products on domestic services, a Frequent Flyer program, inflight meals and airport lounges. Qantas manages a global sales and distribution network including qantas.com, Australia's leading travel website. Qantas is a founding member of the **oneworld** global airline alliance. QantasLink is a wholly-owned subsidiary of Qantas Airways serving 55 metropolitan and regional destinations across Australia and Port Moresby in Papua New Guinea with 63 aircraft and approximately 2,000 flights each week.

Commercial Operations

Qantas Commercial focuses on the sales, distribution, network and marketing for the airline. Qantas distributes its products broadly, through travel agents, Qantas Telephone Sales centres, qantas.com and travel wholesalers such as Qantas Holidays. Commercial planning, inventory management and pricing aim to achieve an optimal return from a network offering designed to suit the needs of a wide range of customers. Alliance and codeshare development work with 26 codeshare partners, including administering Qantas **oneworld** membership, while looking for further

opportunities with other airlines. Marketing encompasses all aspects of Qantas' advertising and promotional activities, using traditional and emerging digital media channels, as well as leveraging Qantas' sporting, arts and community sponsorships under the "Sharing the Spirit Program".

Qantas Customer Operations

Customer Experience is responsible for designing and delivering the end-to-end customer experience on the ground and in the air. This involves incorporating customer feedback, market segmentation, competitive benchmarking and economic analysis to design and develop world-leading products and services which strengthen the Qantas brand and enhance customer satisfaction. Inflight Services is responsible for ensuring every item that is needed on board any flight, is sourced, purchased, shipped and loaded on board every aircraft in the correct quantities. Our Cabin Crew team deliver an exceptional service experience for our customers onboard, whilst our dedicated Customer Care unit is responsible for managing post-flight customer service and recovery.

Qantas Flight Operations

Qantas Flight Operations manages around 2,200 pilots and the associated planning, training and scheduling required to execute Qantas' premium domestic and international flying program. Flight Operations' objective is to ensure the safe, effective and efficient flying operations of Qantas' premium airline. As industry leaders in technology development, Flight Operations is helping Qantas harness the full potential of both its technological expertise and industry experience to set the highest operational standards to deliver world's best safety.

Qantas Financial Statements \$M	2011	2010	2009
External segment revenue	10,265	9,588	10,532
Intersegment revenue	1,050	1,021	1,092
Total Qantas revenues	11,315	10,609	11,624
Share of net (loss)/profit of associates and jointly controlled entities	10	(13)	(13)
Qantas underlying EBITDAR	1,650	1,415	1,363
Depreciation and amortisation	(1,124)	(1,069)	(1,106)
Non-cancellable operating lease rentals	(298)	(279)	(253)
Qantas underlying EBIT	228	67	4

Qantas Operational data	Unit	2011	2010	2009
Destinations	#	76	75	72
Daily departures	#	718	709	716
Number of passengers	'000	27,907	26,863	27,742
RPK	m	78,947	77,007	81,036
ASK	M	97,523	94,772	101,165
Load factor	%	81.0	81.3	80.1
Number of aircraft	#	207	191	186
Qantas domestic on time departures < 15 minutes	%	83.8	87.7	80.8
Number of FTE	#	27,405	27,149	27,636

Engineering

Qantas Engineering operates one of the largest aircraft engineering and maintenance organisations in the Asia-Pacific region. Qantas Engineering operates facilities in Adelaide, Avalon, Brisbane, Los Angeles, Melbourne, Tamworth and Sydney.

Ground Handling

The Qantas Group's domestic and international airport operations provide a range of services to the Qantas Group airlines and other international airlines, including check-in, baggage handling, load control and the operation of lounge facilities.

The Qantas Group currently owns and operates its own domestic terminals in Sydney and Melbourne. Qantas also operates its own leased domestic terminals in Brisbane, Hobart and Perth and shares facilities at common-user terminals at other ports across Australia and overseas.

Qantas operates 31 lounges as part of its domestic terminal operations and 22 international lounges, offering Qantas Club members, First and Business class customers a relaxed and efficient working environment. Qantas Airports handles 28 million passengers yearly and has 28 external airline customers.

Catering

Catering is the largest flight caterer in Australia, servicing premium airlines, special needs of VIP aircraft and charter operations. Meals produced are supplied to Qantas, QantasLink and other external customers.

Catering consists of the premium catering business, Q Catering, and the meal component manufacturer Snap Fresh. They produced 37 million meals across eight

facilities Australia-wide for 35 customers in 2010/11. Q Catering and Snap Fresh are ISO22000 certified, making the Qantas Group the first multi-site flight caterer in the world to achieve this certification at all of its locations.

Q Catering services customers through seven centres around Australia in Adelaide, Brisbane, Cairns, Melbourne, Perth, and its two centres in Sydney. Snap Fresh specialises in the centralised production of frozen meals for airline and non-airline customers.

Qantas Aviation Services

Qantas Defence Services (QDS) provides expert maintenance support for the Royal Australian Air Force (RAAF) C130 Hercules aircraft, engine overhaul services for the RAAF's Hercules C130H, Orion P3 and Hawk Lead in Fighter, and maintenance and operational support for the Australian Government's VIP aircraft and the RAAF's new Multi Role Tanker Transport (MRTT) fleet. QDS is also providing aircraft conversion services for Airbus Military for the MRTT program.

Qantas Aviation Services is also responsible for Ground Support Equipment, Ground Services and Fleet Presentation.

Network Aviation

Network Aviation is a Western Australian based airline that has been supplying charter services to organisations in the resource sector since 1998. Network Aviation currently operates a fleet of two Fokker F100s (100 seat jets) and seven Embraer E120s (30 seat turboprops) out of Perth Airport where it has its own terminal, hangar and engineering services. An additional ten F100 aircraft are currently on order to expand its operations. Network Aviation continues to operate under its own brand and livery. It currently employs 155 staff that report through to the Qantas Regional Airlines Group.

JETSTAR

Jetstar is the Qantas Group's low cost airline brand. Jetstar is a wholly-owned subsidiary of the Qantas Group and operates under separate management to Qantas. Based in Melbourne, Jetstar commenced operations on 25 May 2004 and is now the largest low cost carrier in Asia Pacific (based on gross revenue). Jetstar is comprised of Jetstar Domestic, including Express Ground Handling (EGH), Jetstar International (including New Zealand based operations), a 49% holding in Singapore based Jetstar Asia/Valuair (financially consolidated at 100%) and an investment in Vietnam based Jetstar Pacific (27% equity holding). Both investments operate under brand and business service agreements with Jetstar.

As at 30 June, Jetstar brands comprised nine A330-200 aircraft operating long haul international flying from Sydney, Melbourne, Cairns and the Gold Coast to Asia and Honolulu, 62 single-class Airbus A320/A321 aircraft operating domestically and internationally within and from Australia and New Zealand, as well as across Asia, and five B737 aircraft operated by Jetstar Pacific. During 2010/11, Jetstar entered 10 incremental A320/A321 aircraft and two A330 aircraft into service, growing Australian, New Zealand and Asian markets.

New Zealand based operations

Jetstar's New Zealand (NZ) market has grown substantially since it first commenced international flying on the trans-Tasman market from Christchurch in December 2005. In April 2009, Jetstar entered the Auckland market with daily services to Sydney and the Gold Coast, and in June 2009 Jetstar replaced Qantas in the domestic NZ market. Jetstar currently has eight aircraft based in NZ operating 90 services a week between Auckland, Christchurch, Queenstown and Wellington. Jetstar has expanded its NZ domestic network recently to include services between Auckland and Dunedin. As of July 2011 Jetstar's domestic NZ market share is 20% (as measured in ASKs). Jetstar continues to look to expand its presence on the trans-Tasman market and in FY11 commenced operations between Auckland-Cairns, Auckland-Melbourne, Gold Coast-Queenstown and Queenstown-Melbourne.

Pan-Asian Strategy

Jetstar continues to strengthen its presence as a pan-Asian carrier. In pursuit of its pan-Asian strategy Jetstar Asia has added significant capacity for FY11, with an extra two A320s being added to the fleet. This new capacity focused on increasing Jetstar's presence in Mainland China and improving Jetstar's competitive relevance on core leisure markets including Bangkok, Ho Chi Minh, Hong Kong and Taipei. Further Singapore based expansion is planned for FY12.

The introduction of long haul services between Melbourne-Singapore and Singapore-Auckland (marketed by Jetstar Asia) in FY11 have substantially increased traffic flow between the Jetstar Group entities into Asia, further developing and growing the Singapore hub. This has supported an overall year on year ASK increase in total capacity for Jetstar Asia of 46% (A320 and A330 capacity).

Jetstar has further strengthened its Darwin hub as part of the broader pan-Asia strategy introducing a Darwin-Manila service and improving overall connectivity to Asia. Jetstar has also strengthened its position as the leading carrier servicing Denpasar from Australia.

Jetstar Pacific, operating domestically in Vietnam, is the only low cost value-based airline in Vietnam providing access to one of the fastest growing international markets in Asia. Jetstar Pacific has a fleet plan transitioning to an all A320 fleet type which commenced in October 2010. It is anticipated that this will be complete by 2014.

Long Haul International

Long haul international flying commenced on 23 November 2006 offering two-class services from Sydney, Melbourne, Cairns and Gold Coast. The fleet is planned to grow to 11 by 2012, with the first delivery of the B787-800 Dreamliner due in late 2012. This will cement future long haul growth in Asia and southern Europe.

Jetstar Financial Statements \$M		2011	2010	2009
External segment revenue		2,446	2,012	1,653
Intersegment revenue		167	185	198
Total Jetstar revenues		2,613	2,197	1,851
Share of net loss of associates and jointly controlled entities		(6)	(3)	(15)
Jetstar underlying EBITDAR		508	463	373
Depreciation and amortisation		(71)	(17)	(15)
Non-cancellable operating lease rentals		(268)	(315)	(251)
Jetstar underlying EBIT		169	131	107

Operational data	Unit	2011	2010	2009
Destinations	#	56	55	50
Daily departures	#	352	269	199
Number of passengers	'000	16,549	14,565	10,696
RPK	m	27,812	23,720	18,140
ASK	m	35,758	29,945	23,430
Load factor	%	77.8	79.2	77.4
Number of aircraft	#	71	59	43
Jetstar % domestic arrivals < 15 minutes	%	77	83	78
Number of FTE	#	3,714	3,098	3,010

JETSTAR ROUTE MAP



QANTAS FREIGHT ENTERPRISES

Qantas has been carrying freight since the airline's inaugural regular scheduled service in 1922, and uplifting international mail since the airline's first overseas flight to Singapore in 1935. Today, the Qantas Group's freight assets are controlled by the wholly-owned subsidiary Qantas Freight Enterprises (QFE).

Internationally, Qantas Freight markets the freight capacity of all Qantas and most Jetstar international aircraft and operates a fleet of three wetleased B747-400SF freighters and one dry leased B767-300 freighter. Qantas Freight offers services on over 850 weekly Qantas and Jetstar flights to over 150 destinations in 38 countries. This network is complemented by commercial agreements with oneworld and other carriers and through the use of an extensive trucking fleet throughout Australia, Europe and the USA.

Qantas Freight operates a further four B737-300 freighters which are leased through the Express Freighters Australia company which holds its own Air Operators Certificate (AOC) to its domestic express joint venture vehicle, Australian air Express.

QFE is Australia's largest operator of cargo handling terminals with facilities throughout Australia and one in Los Angeles, servicing both Qantas and third party clients.

In May 2008, QFE acquired Jets Transport Express, a specialist provider of trucking services for air freight movements within Australia. The acquisition enables QFE to manage the airside/trucking interface more effectively, delivering terminal operation efficiencies and providing existing customers with an alternative distribution offering.

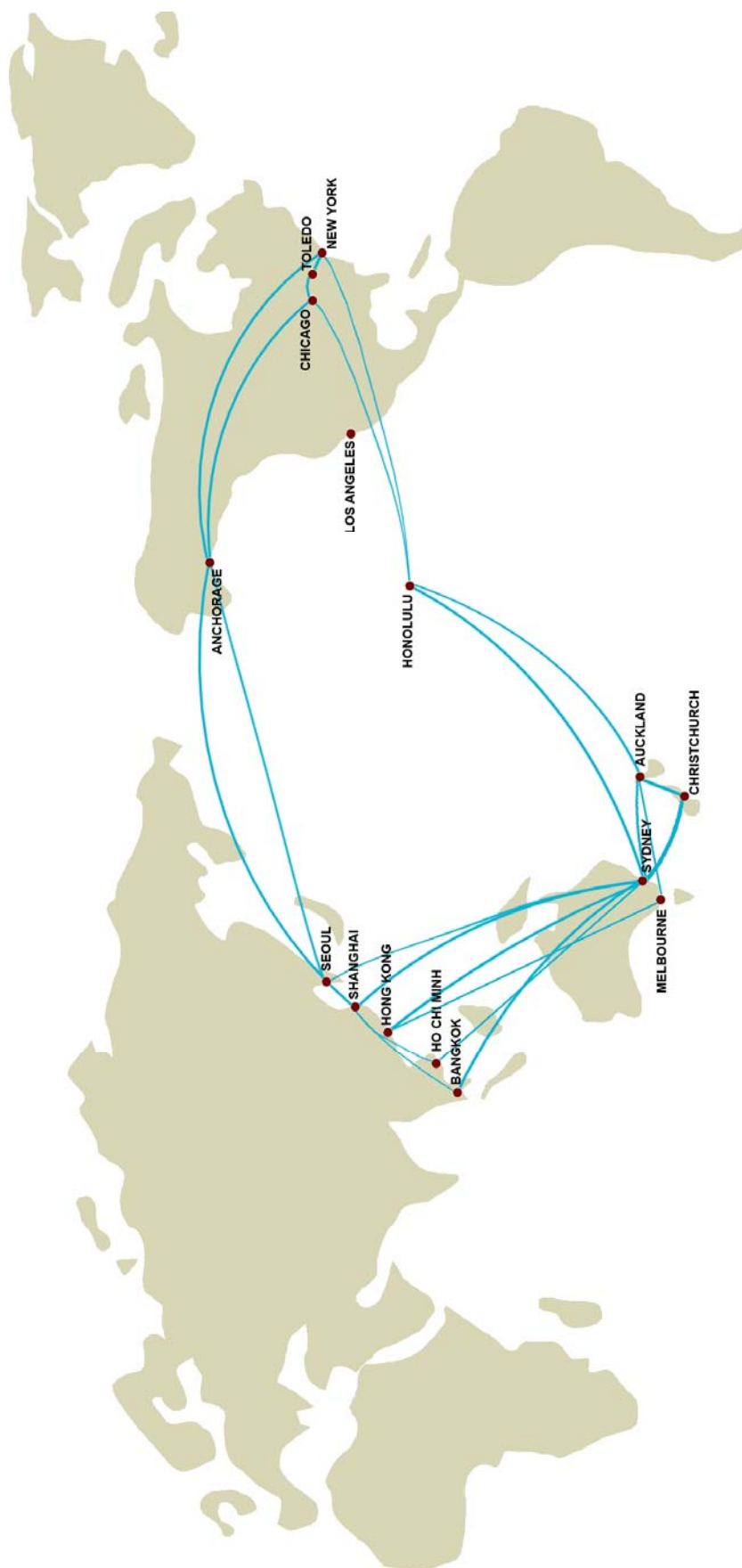
In the domestic express sector, the Qantas Group owns 50 per cent of two joint ventures with Australia Post: Australian air Express and Star Track Express. A reconfiguration of these businesses is underway. This will leverage the strengths of these leading express freight brands, consolidating common functions to create two new businesses with distinct capabilities. The retail division of Australian air Express will be merged with Star Track Express, enabling Star Track Express to be a retail focused business offering a market leading service via road and air. Australian air Express will solely focus on domestic air linehaul and cargo terminal operations, leveraging Australia's largest airport to airport air linehaul network.

QFE Financial Statements \$M	2011	2010	2009
External segment revenue	1,048	1,003	1,077
Intersegment revenue	6	4	3
Total QFE revenues	1,054	1,007	1,080
Share of net profit of jointly controlled entities	18	12	13
QFE underlying EBITDAR	80	61	25
Depreciation and amortisation	(16)	(13)	(12)
Non-cancellable operating lease rentals	(2)	(6)	(6)
QFE underlying EBIT	62	42	7

Operational and key data	2011	2010	2009
AFTK, international	4,071	3,925	4,046
Terminal tonnes, '000	541	584	577
Freight aircraft, international	4	4	4
Freight aircraft, domestic	4	4	4
Number of FTE#	945	1,227	1,256

#Includes DPEX Worldwide and Jets Transport Express

FREIGHTER ROUTE MAP



QANTAS FREQUENT FLYER

Qantas Frequent Flyer (QFF) is Australia's premier coalition loyalty program, with now over 8.0 million members.

Since establishing QFF as a separate segment in 2007, QFF has built a scalable business with a deep understanding of members and their behaviour. QFF is responsible for administering and growing the QFF program.

In 2010/11 QFF made significant developments in expanding and diversifying its revenue stream. epiQure, QFF's first online community was launched and Wishlist, an employee recognition and incentive business was recently acquired. QFF is also investigating further expansion opportunities through its data analytics capabilities and potential to partner with offshore loyalty programs.

QFF has over 500 earn partners who pay QFF to issue points to members when members purchase partner products or services. The combination of a wide partner network for earning, and a large member base, makes the QFF program more valuable to both partners and members.

QFF members can use their points for a wide range of awards, including Award flights on Qantas, Jetstar and over 25 partner airlines; upgrades on eligible Qantas flights; and over 2,000 vouchers and products in Australia and New Zealand through the QFF Store.

QFF Segment Financial Statement	2011	2010	2009
Total QFF revenues	1,148	1,108	1,049
Share of net profit of associates and jointly controlled entities	-	-	-
QFF underlying EBITDAR	345	330	226
Depreciation and amortisation	(3)	(2)	-
Non-cancellable operating lease rentals	-	-	-
QFF underlying EBIT	342	328	226
Reported EBIT	342	328	310

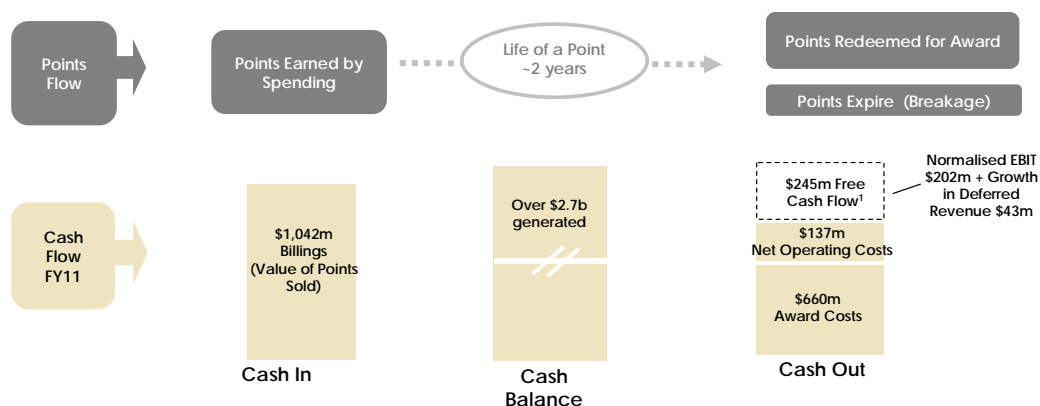
Normalisation Adjustment	2011	2010	2009
Normalised EBIT	202	167	149
Normalisation adjustment ¹	140	161	77
Underlying EBIT	342	328	226
Estimated one-off impact of direct earn point 'rush'	-	-	84
Reported EBIT	342	328	310

1. Restates redemption revenue to the fair value of awards redeemed (removing the impact of the change in accounting estimate) and recognises the marketing revenue when a point is sold

Key Operating Measures	Unit	2011	2010	2009
Underlying billings	\$M	1,042	952	913 ²
Partners	#	>500	490	400
Employees	#	92	82	71
Members	#M	7.9	7.2	5.8
Awards redeemed	#M	4.4	4.0	3.8
Classic airline partners	#	25	27	25
Products available in store	#	2,000	1,850	1,200

2. FY09 excludes rush-in from direct earn strategy of \$342 million

Business Model Financials



1. excludes capital expenditure

Earn Partners

QFF has over 500 earn partners, who pay QFF to issue points to members when they purchase partner products or services, creating loyalty to the partner and rewarding the member for that loyalty.

Members can earn points with a wide range of coalition partners including Qantas and 25 other airlines, 12 leading credit card issuers, the Woolworths Group, a telecommunication provider, hotels, car rental companies, restaurants, entertainers and other retailers.

During 2010/11 several significant new partners joined the program, including Woolworths Caltex fuel outlets, One Path (life insurance), Woolworths Everyday Rewards Qantas Credit Card and the Qantas American Express Discovery card. It was announced that Optus will be a new partner in 2011/12.

Kingfisher Airlines, airberlin and Malaysia Airlines will all start flying as part of the **oneworld** alliance during 2012.

Having a wide range of everyday shopping partners in the coalition allows members to earn enough points for a reward more quickly, especially by 'double dipping', which means earning points from a partner and earning more points by paying with a QFF linked credit card.

QFF's business development efforts are focused on developing partnerships with leading brands in Australia and New Zealand across consumer spend categories not currently represented in the program.

Marketing

QFF utilises advanced analytics to build a deep understanding of member behaviour. QFF can then target relevant offers from partners utilising a variety of communication channels.

Optimisation of offers and channels provides positive member experiences and successful business outcomes for partners.

Awards

QFF has a wide range of awards available for redemption. Classic Award flights on Qantas, Jetstar, **oneworld** and other airline partners are the traditional frequent flyer award seats, offering the best value with limited availability. Classic Awards can be in the form of one-way, return or multi-destination flights as well as flight upgrades.

Any Seat Awards were introduced in July 2008 to offer more choice and flexibility when using points to book an Award Flight. Points can be used for a Qantas and Jetstar Any Seat Award on any available seat on any Qantas or Jetstar flight with a QF or JQ flight number and for combined travel on 46 selected airlines to over 100 other destinations. As long as there is a seat available for sale, there is a redemption option under Qantas and Jetstar Any Seat Award. The points needed for flights include surcharges, fees and taxes, and vary depending on the flight chosen. Members can use all points or Points + Pay.

The Qantas Frequent Flyer Store has an extensive range of quality merchandise, vouchers and unforgettable experiences. Members can choose from more than 2,000 products, including products for delivery in Australia and in New Zealand.

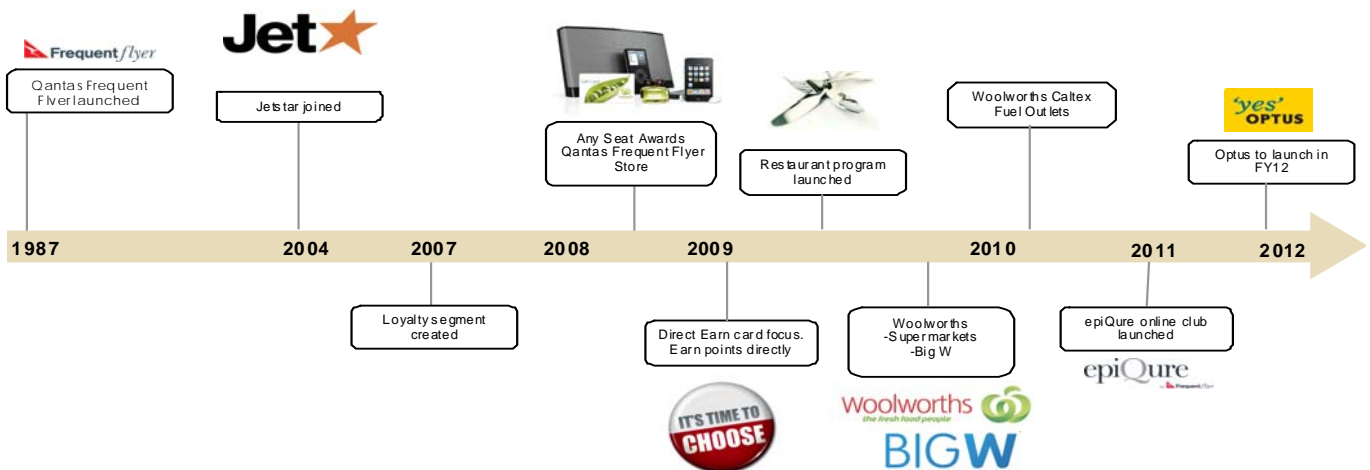
Enhancements to the Program

QFF made several enhancements to the program during 2010/11 including:

- the implementation of tier retention, upgrade, loyalty bonus and Platinum One changes
- more options to earn QFF points on Jetstar flights through "Plus or Max Bundle" packages
- the launch of epiQure, a QFF member only premium food and wine community
- the launch of auto-redeem Woolworths voucher options making it easier for members to use their points



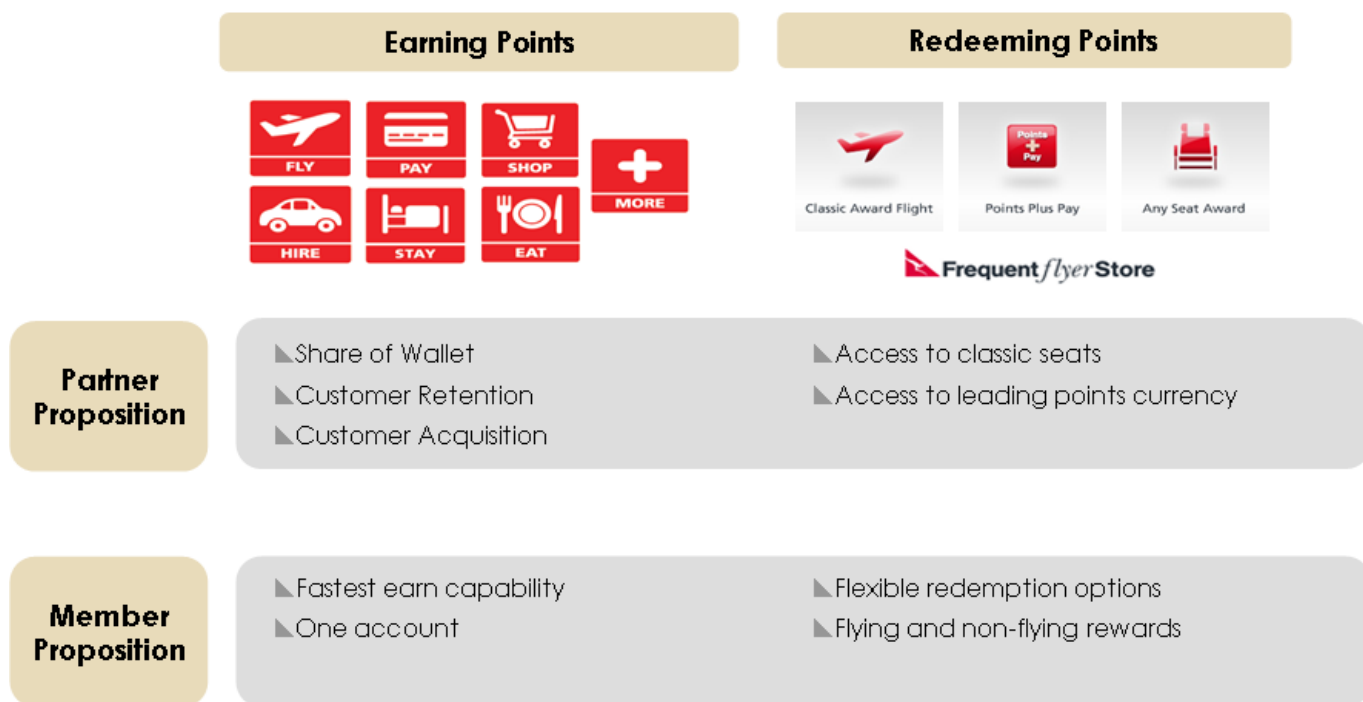
Qantas Frequent Flyer Journey



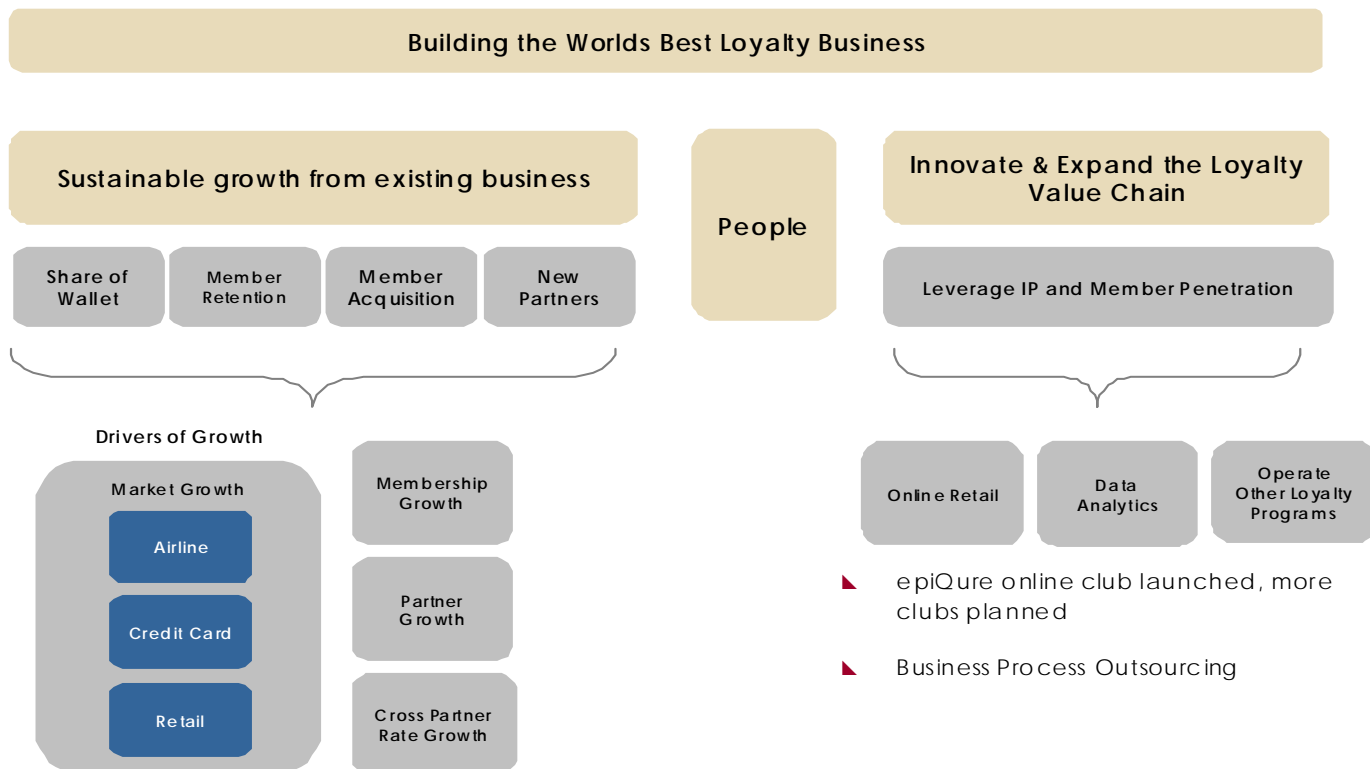
Key Partners

Selection of Existing Partners		New/Exclusive Partners	
	Earn on Qantas and 25 partner airlines		 S7 became an airline partner
	Earn products at all major banks		 The Woolworths Everyday Rewards Qantas credit card and Qantas American Express annual fee free Discovery card launched in November
	Earn points at Australia's largest retailer		
	Earn points on telecommunications		 Optus launched in September 2011
	Earn points on petrol		 Caltex Woolworths launched in October
	Earn points on insurance		 Life insurance launched in November
	Wide cross section of retail, travel and restaurants		 Avis launched in November as an exclusive car hire partner

Loyalty Proposition



Strategy and Growth



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SUSTAINABILITY

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) ANALYSIS

SUSTAINABILITY REPORTING APPROACH

The Qantas Group continues to adopt an investor definition of sustainability, which involves embracing opportunities and managing risks to achieve sustainable returns to shareholders. This includes a commitment to managing and reporting on Environmental, Social and Governance (ESG) performance.

The Group's sustainability strategy is embedded in the Group's business strategy. The selection of content and key performance measures reflects the approach of embedding sustainability within the Group's strategy and the focus on those areas which support the goal of sustainable returns to shareholders. As such, the Group has refined the selection of key performance indicators to ensure they are aligned to its business strategy.

The following ESG information and performance statistics are tailored to an investor audience. Sustainability matters, performance and programs are also reported as part of the Qantas Annual Review 2011 with a summary of performance statistics and an independent assurance statement presented on pages 110 to 119 of the Qantas Annual Report 2011. The presentation of the performance statistics in the following sections matches each of the ESG categories, which may differ from how the performance statistics are presented in the Qantas Annual Report 2011.

While the Group continues to seek guidance from a range of voluntary sustainability frameworks such as the Global Reporting Initiative (GRI) G3.1 Sustainability Reporting Guidelines (www.globalreporting.org), the focus of the Group's sustainability reporting is to demonstrate to stakeholders the integration of sustainability considerations into operations. Where selected indicators match the performance indicators recommended by GRI, a GRI indicator reference is provided.

Definitions and scopes for each performance statistic are provided as part of the Glossary. Where sustainability information and performance statistics relate exclusively to Australian operations, as a measure of scale, approximately 91.2 per cent of employees (based on full-time equivalents) are based in Australia as at 30 June 2011.

FEEDBACK

Feedback on the sustainability information presented is encouraged. Please contact the Qantas Group at sustainability@qantas.com.

RECOGNITION OF SUSTAINABILITY PERFORMANCE AND REPORTING

The Group's performance and standards in the area of sustainability are demonstrated through its inclusion since 2009 in the sustainable investment indexes, the Dow Jones Sustainability Index (DJSI) and the FTSE4Good Global Index and FTSE4Good Australia 30 Index. The Group was added to the DJSI World Index in September 2011, and is currently one of only two airlines listed in the DJSI World Index. The Group also scored 97 out of 100 in the Travel and Leisure sector of the FTSE4Good ESG ratings.

The Group is included in the 2010 Carbon Disclosure Project Leadership Index for Australia and New Zealand. The Group is also included in the top 10 companies on the 2010 Carbon Performance Leaders list, and is the only industrial company to make it onto this list.

The Group won the Citi Award for 'Best ESG disclosure by an Australasian Company' at the 2010 Australasian Investor Relations Association awards.



CARBON DISCLOSURE PROJECT

2010/11 GROUP VISION AND SUSTAINABILITY FRAMEWORK

The World's Best Premium and Low Fares Airlines

Sustainable Returns to Shareholders

Safety is our First Priority

Unwavering commitment to world's best safety practices and reporting

Right Aircraft Right Routes

Fleet renewal delivering one of the world's most effective fleets flying on an optimal route network

Customer Experience Excellence

Customer experience as the cornerstone of our business

Operating Efficiency

Major projects underway, internally and with suppliers, to achieve simplicity and further productivity across the business

Two Strong Complementary Brands

Qantas and Jetstar as the best premium and low fares brands respectively

Great People

The success of the Qantas Group is underpinned by our employees.
The future of the Qantas Group is about great people who are skilled, motivated and supported to do great things.



Sustainability Framework

Safety and Health

- Air and ground safety
- Customer and employee wellbeing

Fleet

- Fleet renewal
- Impact on fuel efficiency and operating cost

Customer

- Customer advocacy
- Customer care
- Loyalty

Environment

- Carbon readiness
- Aviation fuel efficiency
- Resource efficiency

Community

- Community investment
- Humanitarian activities
- Sponsorships

People

- Employee engagement
- Employee relations
- Training and development
- Workplace diversity and flexibility

INDUSTRY CONTEXT

Industry dynamics

The aviation industry is competitive and complex. Like most industries, it is sensitive to external shocks, whether they are financial (such as the Global Financial Crisis (GFC) or volatility in oil prices), natural disasters (such as floods, cyclones, earthquake and volcanic ash clouds), health-related shocks (such as the H1N1 Influenza (swine flu)) or the threat of terrorist attacks.

The impact which external shocks have on an airline varies depending on the type of shock, geographic location of the airline's operations, the airline's crisis management and rapid response capability (such as being able to flex resources like aircraft, routes and people) and the risk management capabilities of the airline. The Qantas Group has an experienced and effective crisis management centre in place to respond as required.

The GFC had more of an impact on full service or 'premium' carriers given the reduction in demand for premium travel. Low cost carriers (LCCs) were impacted much less by the GFC as some demand shifted to discounted or low fares travel. The Qantas Group's two flying brands strategy, with a premium carrier and a low fares carrier, provided the Group with a unique strength to leverage the two types of carriers to meet changed preferences during this period.

The cost of jet fuel is one of the largest challenges to the aviation industry since the GFC. The recent steady increases in oil prices, exacerbated by political tensions in the Middle East, present significant challenges for airlines. The Qantas Group has been able to mitigate the impact to a degree by raising fuel surcharges and fares. However, fuel hedging strategies combined with fuel optimisation initiatives, remains a key focus in managing this risk for the Group. A strong Australian dollar (as experienced during 2010/11) provides a level of natural hedging against oil price increases.

Although the strong Australian dollar is favourable for the Group in paying expenses and purchasing aircraft denominated in US dollars, it is a deterrent for inbound visitors. Outbound traffic in 2011 is forecast to grow 10.1 per cent to 7.8 million, while inbound traffic is forecast to grow only 3.1 per cent to 6.1 million compared to 2010.¹

To support long term business sustainability, the QFuture Program, a three year business transformation program, is targeting \$1.5 billion in margin improvements and cost reductions over three years from 1 July 2009. The Group achieved \$1 billion in benefits up to 30 June 2011 (\$533 million in 2009/10 and \$470 million in 2010/11) and is on track towards the three year target.

The competitive nature of the airline industry requires an ongoing focus on cost minimisation for the Group. The adoption of advanced technologies such as larger aircraft, aircraft with longer range capabilities and more fuel-efficient aircraft, is key in this regard, as well as ensuring the right aircraft are allocated to the right routes. The Group has

more than 235 aircraft planned for delivery over the next 10 years, which will enable the retirement of up to 59 older aircraft with some aircraft types (B747-400, B767-300 and B737-400) to be progressively phased out. The Group will begin to take delivery of Boeing's 787 Dreamliner from late 2012, which will introduce new levels of fuel-efficiency and onboard amenities.

Regulatory environment

The aviation regulatory landscape continues to evolve.

At a global level, governments play a significant role in the airline industry through ownership and support of national carriers. This is most prevalent in the Middle East, where the priorities of government-owned carriers differ from those of most other commercial airlines. Such differences include a greater focus on nationalistic interests (e.g. driving local industry and economies) rather than independent profitability.

Aviation continues to be a focus of climate change agendas in several jurisdictions (e.g. globally through the International Civil Aviation Organization (ICAO) and in the European Union, New Zealand and Australia). The Group supports a global approach to emissions management at a sectoral level to minimise the prospect of competitive distortion. The Group is an active participant through the International Air Transport Association (IATA) in the development of a framework for a global sectoral approach to emissions management. The Group prepares for the carbon-constrained future by working with global aviation bodies, investing in more fuel-efficient aircraft, supporting the development of bio-fuels and influencing an effective regime in Australia.

The Australian Government has signalled an intention to amend the Qantas Sales Act removing the 25 per cent and 35 per cent foreign investment limits by a single entity and airlines in total respectively. This provides parity for Qantas with other Australian international carriers in terms of strategic alliance investment opportunities.

The Productivity Commission provided a draft report to the Australian Government on the inquiry into the economic regulation of airport services in August 2011. The Group is actively participating in consultations and is pursuing a range of issues in airport services which account for a significant proportion of costs for the Group.

The New South Wales government is continuing to review the requirements for aviation capacity for the Sydney region, particularly the need for a second Sydney airport. Progress has been delayed, however, by the change of government in March 2011. As any outcomes from this review are integral to operations at the Group's key Sydney hub, the Group is actively engaging in the consultation process.

A summary of aviation industry risks and opportunities and some examples of how the Group is responding to these is outlined below.

¹ Source: Forecast 2011 Issue 1, Tourism Research Australia, available at: <http://www.ret.gov.au/tourism/Documents/tra/Forecasts/TFC-forecast-2011.pdf>

Industry risks and opportunities	Examples of the Qantas Group response	Reference for further information
STRATEGIC		
Competition – ability to respond to intense competitive landscape	– Fleet renewal to reduce long term costs and grow revenues – Strong alliance relationships and strategic investments to spread risk and opportunity across markets and provide network depth – Qantas: innovations to drive higher satisfaction and improved customer advocacy; focus on end-to-end customer experience; investment in lounges and faster, smarter check-in technology; improvements in product consistency across the fleet including aircraft reconfiguration; brand renewal; pursuit of efficiencies to lower the cost base; Qantas International strategy renewal – Jetstar: effective capacity management; strong promotional campaigns; new interline relationships (e.g. Cathay Pacific, Dragonair and Finnair); launch of simplified fare structure	Page 41 AR Pages 43–45 DB Pages 28–29 AR Pages 44–45 AR Pages 32–33 AR
Brand and reputation – enhancing brand strength and customer advocacy	– Brand renewal; fleet renewal and reconfiguration; inflight services and entertainment – Detailed customer research to drive improvements – Breakthrough product and service innovation such as faster, smarter check-in – Safety as the first priority – Customer care via social media – Extensive program of sponsorships, planned giving through staff initiatives and the Qantas Foundation – Provision of ‘goodwill’ flights to emergencies to support communities – Industry partnerships to promote tourism, business and events	Page 41 AR Pages 37–39 DB Page 47 AR Pages 44–45 AR Pages 22–25 AR Pages 48–49 AR Pages 54–57 AR Page 56 AR Pages 54–57 AR Page 80 DB
Emerging markets – ability to pursue growth opportunities and sustainably manage differences in operations, regulations and culture	– Qantas alliance relationships with carriers in emerging markets (e.g. China Eastern) – Qantas’ proposed premium airline in Asia – Jetstar pan-Asian strategy including Jetstar Pacific (based in Vietnam), Jetstar Asia (based in Singapore) and Jetstar Japan	Pages 43–45 DB Pages 32–33 AR
FINANCIAL		
Financial resilience – developing resilience to financial cycles and realising value from investment opportunities	– Maintain investment grade credit rating to lower cost of capital – Strong cash position to lower risk and provide for unexpected events – Capital expenditure supported by strong balance sheet and operating cash flows – Cost management programs to generate efficiencies and long-term financial sustainability	Page 23 DB Page 23 DB Pages 26–29 DB Page 22 DB
Economic conditions – adapting business strategy to manage changing economic conditions	– Two flying brands strategy to flexibly adjust capacity, pricing and market segmentation in response to changes in economic conditions – QFuture transformation program focusing on cost reduction and margin improvement	Pages 26–27 AR Page 22 DB
Commodity and currency fluctuations – ability to manage currency and fuel price fluctuations	– Proven approach to financial risk management – Hedging, including options that permit participation when oil prices are low and protection when oil prices are high, and options used for foreign exchange hedging for capital expenditure	Pages 24–25 DB

AR = Qantas Annual Review 2011

DB = Qantas Data Book 2011

Industry risks and opportunities	Examples of the Qantas Group response	Reference for further information
OPERATIONAL		
Safety – maintaining the highest standards of operational and people safety in the air and on the ground	– Commitment to safety as the Group's first priority, underpinned by industry leading policies, processes and training – Establishment of Qantas Management System that covers all aspects of safety, health, environment, security, risk and business resilience performance	Page 73 DB Page 83 DB
Human capital – including leadership and talent development, engagement of staff and managing industrial relations risks	– Leadership programs for top 100 and 500 influential leaders – Talent programs including Graduate Program, Emerging Leader Program and the Harvard Leadership Program – Major apprenticeship program for engineers – Qantas Organisational Behaviours to drive cultural change – Systematic approach to union negotiations including improving union relations	Pages 74–76 DB
Regulatory and legal environment – working with stakeholders and regulators across multiple outcomes	– Strong stakeholder relations, with active participation in government and industry consultations and senior representation at industry associations (e.g. IATA) – Comprehensive Group Policy Framework guiding compliance with laws and regulations in the countries in which the Group operates	Page 64 DB Page 74 DB Page 81 DB
Security and Facilitation – ability to respond to aviation security and facilitation risks such as crime, fraud, terrorism, civil unrest and border control issues	– Integrated tactical and over the horizon strategic threat assessment capability – 'Challenge and Report' security awareness program – Embedded security culture – Crime and corruption control program – Implementation of a security assurance program – Integration of passenger and cargo facilitation capability within the Security department	Page 74 DB
External shocks – ability to effectively respond to unexpected shocks and events	– Purpose built Crisis Management Centre with detailed crisis management plans – Scenario planning supplemented by simulated crisis training exercises	Page 74 DB
Technology and innovation – innovative use of technology to improve performance and to gain competitive advantage	– Breakthrough product and service innovation such as faster, smarter check-in technology – Commitment to advanced technology aircraft (e.g. A380, B787, A320neo) – Continuous improvement of qantas.com and jetstar.com	Pages 44–45 AR Page 41 AR Pages 37–39 DB
Environment and climate change – operating in an environmentally sustainable manner and managing carbon risk	– Fuel efficiency program, investment in advanced technologies and fuel-efficient aircraft, air traffic management leadership – Advocacy on legislative, regulatory and commercial issues (e.g. Climate Change Roundtable) – Carbon offset programs and partnerships with environmental organisations and employees – Proactive approach to carbon readiness in advance of regulatory/legislative requirements	Pages 67–72 DB

AR = Qantas Annual Review 2011 DB = Qantas Data Book 2011

ENVIRONMENT

Key issues and opportunities

Global aviation's projected growth over the coming decades and its continued reliance on fossil fuels results in an industry emissions trajectory that is growing during a period where emissions reductions are being mandated across the globe. The Group's approach to strategically address the risks associated with emissions and climate change include:

- managing the Group's readiness for carbon compliance regimes, including the proposed carbon price introduction in Australia
- investing in fuel-efficient aircraft under the Group's fleet renewal program
- improving fuel efficiency and reducing the emissions intensity of the business
- facilitating the development of a sustainable aviation fuel (SAF) industry through investing in a variety of projects
- optimising network efficiency by partnering with airspace infrastructure owners and government and creating competitive advantage in a changing regulatory environment
- promoting carbon offset programs
- reducing resource consumption and being an environmentally responsible business
- engaging key stakeholders, such as employees, customers and communities in environmental initiatives
- promoting sustainable procurement practices

Strategy and management of issues/ and opportunities

The Group has a comprehensive environment strategy focused on environmental sustainability through operational efficiency, industry advocacy and engagement with key stakeholders.

Carbon readiness

Carbon price regimes are in place or proposed in a number of key markets where the Group operates. A Group-wide 'Carbon Readiness Program' formed in 2007 has been providing a platform for advocacy, preparation for compliance and reporting, and effective carbon price risk management.

The proposed introduction of a carbon price system by the Australian Government from 1 July 2012 will have an estimated cost impact of approximately \$110-115 million on the Group in the financial year 2012/13. Domestic airlines will be exposed to the full starting carbon price of \$23 per tonne through an increase in aviation fuel excise from July 2012 and will not have access to transitional assistance or compensation arrangements. International aviation fuel will be excluded from the carbon price scheme.

The Group continues to meet all existing carbon related compliance obligations including:

- Mandatory 'Carbon Footprint' reporting under the Australian Government's National Greenhouse and Energy Reporting (NGER) Act. For 2009/10, the Group reported 4.2 million tonnes of CO₂-e emissions, 1.3% lower than 2008/09, for activities and entities under its operational control. The 2010/11 report is due for submission by 31 October 2011.
- In March 2011, the Group submitted its first annual emission report to the European Union, a Monitoring, Reporting and Verification (MRV) Plan to the United Kingdom Responsible Authority (RA) which will underpin the European Union Emissions Trading Scheme. This regime includes the aviation industry as of January 2012. The Group is currently capturing all Revenue Tonne Kilometres (RTKs) and Annual Emission (AE) data in accordance with the approved MRV Plan. For the period from 1 January 2012 to 31 December 2012, the total quantity of allowances allocated to aviation will be 97 per cent of the average annual emissions of 2004-2006. From 2013 onwards, the total quantity of allowances will be 95 per cent of the average annual emissions of 2004-2006. During these periods, 82 per cent of the total allowances will be allocated as free credits and 15 per cent of the allowances will be auctioned. The remaining 3 per cent will be allocated to airlines that newly entered the EU market after 2010. The Group expects to be advised of its actual free allowances allocated to it on 30 September 2011.
- The New Zealand Emissions Trading Scheme commenced on 1 July 2010 and impacts Jetstar's domestic New Zealand operations. The Group has not opted in to manage the New Zealand carbon emission liabilities directly. Instead, the impact of the Group's fuel consumption and related emissions is managed by fuel providers. The Group has the flexibility to opt in at any stage and will regularly review this decision contingent upon global carbon market developments.

Fleet renewal and fleet age

The Group's fleet strategy supports the Group's objectives of two strong complementary brands and provides for long-term renewal, simplification and growth.

Fleet renewal will offer the greatest benefits to fuel efficiency in the long run by replacing older aircraft with new more fuel-efficient aircraft. Over the next 10 years, the Group is planning to invest US\$29 billion (at list prices) in more fuel-efficient next generation aircraft, such as the Airbus A380, Boeing 787 Dreamliner and Airbus A320neo. On regional routes, the Group strategically invests in the Bombardier Q400, which consumes 35 per cent less fuel than similar-sized jet aircraft.

Average fleet age

Monitoring the average passenger fleet age assists the Group to manage its long-term capital requirements. The Group's priority is renewal of its scheduled passenger aircraft fleet, which will directly improve customer experience and fuel efficiency.

The Group's fleet renewal during 2010/11 absorbed the impact of a passing year and maintained the average fleet age at 2009/10 levels. During 2010/11, the Group took delivery of four Airbus A380-800s, three Airbus A330-200s, 10 Airbus A320-200s, five Boeing 737-800s and one Bombardier Q400, and retired one Boeing B747-400, one Boeing B767-300ER and two Boeing B737-400s.

	2011	2010	2009	2008	2007
Average fleet age – scheduled passenger fleet (in Years)	8.6	8.6	8.8	9.3	9.3

Strategies for fuel efficiency

The investment in fleet renewal is being complemented by a range of fuel optimisation activities in the air and on the ground including:

- aircraft weight reductions (using lighter equipment and carrying the correct required amount of inflight items for each passenger)
- the continued implementation of advanced navigational aircraft technology enabling procedures such as Required Navigation Performance (RNP), Automatic Dependent Surveillance – Broadcast (ADS-B), Dynamic Aircraft Route Planning (DARP), tailored arrivals, Constant Descent Arrivals (CDAs) and Electronic Flight Bag (EFB)
- continued roll-out of programs to reduce Auxiliary Power Unit (APU) usage
- ongoing flight plan optimisation
- further optimising 'Enhanced Scheduling'
- optimised loading
- improved aerodynamic performance through innovative technologies, regular aircraft and engine compressor washes and flight control rigging checks

Examples of fuel efficiency initiatives	Annual monetary savings
Aircraft weight reductions	\$5.0m
Reduction in Auxiliary Power Unit (APU) fuel use	\$1.4m
Flight planning optimisation	\$4.5m

Fuel and carbon efficiency

Fuel efficiency is a key element of the Group's environmental strategy. As fuel use accounts for 95 per cent of the Group's greenhouse gas emissions and is also one of the Group's largest expenses, improving fuel efficiency minimises cost and environmental impacts.

In 2009, the Group set a challenging fuel and carbon efficiency improvement target of an average of 1.5 per cent per annum improvement through to 2020 (a total improvement of 16.5 per cent, measured on a Revenue Tonne Kilometre (RTK) basis) against a 2008/09 baseline. This is in line with the global industry goal established by IATA. Qantas Airlines' progress as at 2010/11 against the 2008/09 baseline was 3.1 per cent (1.55 per cent per annum on average).

The Group's fuel efficiency (measured on a RTK basis) deteriorated slightly compared to 2009/10 (refer to page 72). This was driven by a small decrease in the revenue seat factor whilst additional capacity was introduced. However, this was a strong result during a year which saw the Group manage an increasingly competitive operating environment, as well as disruptions caused by natural disasters such as the volcanic ash cloud, cyclones and floods.

By June 2011, the Group avoided more than 1.7 million tonnes of CO₂ through its fuel optimisation activities since the program's launch in 2005.

Sustainable aviation fuel (SAF)

Over the medium term, it is imperative for aviation to secure a sustainable alternative to traditional jet fuel. The Group is committed to facilitating the development of a renewable alternative jet fuel industry in Australia.

During 2010/11, the Sustainable Aviation Fuel Road Map study was commissioned by the Australia New Zealand Sustainable Aviation Fuel Users Group (SAFUG) and managed by the CSIRO under the guidance of a roundtable of industry participants, including Qantas, Virgin Australia, Air New Zealand, Boeing, the Department of Defence, environmental NGOs and others. The roadmap process identified barriers and ways of removing them to allow a sustainable aviation fuel industry to be established within Australia.

The Group has now completed a review of the sustainable aviation fuel market globally and has identified a number of technologies and organisations where close collaboration has been established. Feasibility work is continuing with Solazyme (for kerosene derived from algae) and Solena Group (for kerosene derived from municipal waste).

The Group has significant scale in fuel purchasing and aims to use that scale to motivate the development of a SAF supply chain. A continued focus and support from the Government will be critical as activity levels increase.

Carbon offsetting

Qantas' and Jetstar's voluntary carbon offset programs continue to be successful:

- each month between 5 per cent and 9 per cent of customers booking through qantas.com choose to offset
- the Group continues to play its part by carbon offsetting all employee business travel and ground vehicle emissions which equates to over 66,000 tonnes of carbon in 2010/11
- more than 1 million tonnes of carbon have been offset since 2007
- the Group continues to provide detailed carbon emission reports to its corporate customers to assist them with their own carbon offset initiatives

With the Australian Government's Greenhouse Friendly™ scheme ending in June 2010, Qantas and Jetstar were the first airlines to successfully transition to and now comply fully with the replacement scheme, the National Carbon Offset Standard – Carbon Neutral (NCOS-CN) initiative. As part of the transition to the new standard, the Group has selected Climate Friendly as its new carbon offset supplier. Through Climate Friendly the customers' and the Group's offsets have been generated by the following projects:

- Wind Power in Xinjian Tanfeng, China
- 'Run-of-River' Hydropower in Hsikou in Taiwan and Sulawesi, Indonesia
- Efficient cook stoves in Cambodia
- Fuel switching biomass project in Siam

These projects also deliver additional community benefits.

Environmental improvement program

Reducing resource consumption

Target area	Improvement achieved against FY07 baseline (%)
Reduce electricity consumption	8
Reduce water consumption	19
Reduce waste to landfill	21

The Qantas Group progressed well towards meeting its 2011 electricity, water and waste reduction targets, achieving 8, 19 and 21 per cent reductions respectively. Whilst these results fall short of the Group's original goals of 10, 25 and 25 per cent reductions respectively (which were set based on a zero growth assumption), these actual reductions are excellent results in a period of continued business growth.

Post 2010/11, the Group is moving towards business unit specific goals that will be relevant to each part of the organisation. These targets will better align environmental targets with areas of the business able to achieve them.

2010/11 saw the Group continue to improve its environmental performance on resource consumption reduction. In November 2010, the Group began diverting its general waste in Sydney to an Advanced Waste Treatment (AWT) facility. This facility enables the improved recycling of metals and plastics as well as organic waste, resulting in almost 100% of general waste disposed in Sydney now being recycled. This equates to almost 400 tonnes per month. The Group has been using a similar facility in Cairns since 2008 and will continue to take advantage of these types of facilities as they become available around the country.

Recycling facilities have also been introduced in the Sydney, Melbourne, Brisbane and Perth Domestic terminals. The new public place recycling bins, made in Australia from recycled plastic, now enable collection of newspapers, plastics and aluminium for recycling.

Further energy efficiency has been achieved in 2010/11. Examples of the types of initiatives include:

- Trial of energy efficient LED lighting in some of the Qantas Clubs, Domestic Terminals and Engineering facilities
- Installation of Voltage Reduction Units across selected Sydney facilities
- Implementation of an "Eco-Treasure Hunt" at the Brisbane Domestic Terminal. This involves a process developed by General Electric to identify, prioritise and implement energy efficiency opportunities

In 2011 the major refurbishment of the Group's Corporate Headquarters will commence to create one connected campus. The refurbishment is expected to be completed in 2014. Energy efficient materials and sustainable design have been incorporated into the project and environmental initiatives such as the following are being implemented:

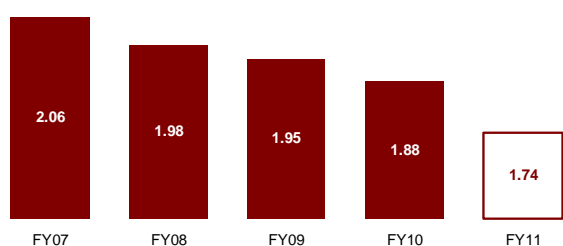
- more efficient temperature regulating systems
- water saving devices throughout the campus
- rain water harvesting to capture natural rain water for use in irrigation
- connections between buildings, via stairs and bridges, to reduce employees' dependencies on elevators
- maximising the use of natural light
- energy efficient lighting and controls
- a naturally ventilated street hub

Resource efficiency

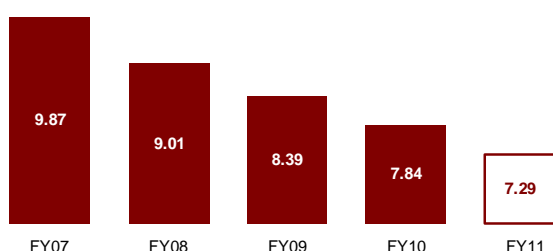
The level of the Qantas Group's operational activities also impacts the Group's ability to achieve absolute reductions in resource consumption. An airline's operational capacity is measured in Available Seat Kilometres (ASKs). The Group has improved its resource efficiency over the past five years on a per ASK basis. For example, ASKs increased by 9.1 per cent from 2006/07 to 2010/11, while aviation fuel consumption increased by only 2.5 per cent over the same period. All of the Group's key resource measures have shown a consistent reduction on a per ASK basis each year since 2006/07, as summarised in the table below. The consumption of electricity and water and waste to landfill has both fixed and variable components.

Per ASK	Unit	2011	2010	2009	2008	2007
Aviation fuel consumption	'000 Litres per ASK	35.9	36.6	37.7	38.2	38.3
Electricity (Australia)	MWh per ASK	1.74	1.88	1.95	1.98	2.06
Water (Australia)	'000 Litres per ASK	7.29	7.84	8.39	9.01	9.87
Waste to landfill (Australia)	Tonnes per ASK	0.19	0.23	0.24	0.24	0.26

Electricity (Australia) MWh per ASK



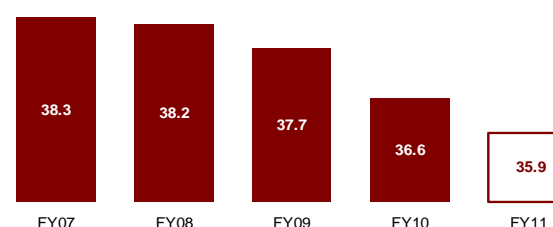
Water (Australia) '000 Litres per ASK



Waste (Australia) Tonnes per ASK



Aviation Fuel Consumption '000 Litres per ASK



Stakeholder engagement

The Group's internal environment program, 'begreen', continues to engage with its internal stakeholders. Engaging employees in environmental initiatives empowers them to contribute towards the Group's environmental improvements while promoting a corporate culture of environmental innovation. Achievements of the last 12 months include:

- continued growth and engagement of the Green Team, a Group-wide volunteer network of 'green' champions of over 1,000 members including front-line workers, executive management and CEO Alan Joyce. This included external expert education sessions, revitalised communication strategy and materials, increased access to community volunteering opportunities and enhanced profiling of the Green Team to the wider Group employee base
- a successful second year of the ZooX Ambassador Program, a cooperative project with the Great Barrier Reef Foundation to send five Qantas employees on a sustainability-themed educational fieldtrip to the Reef. In 2010/11, the Group identified environmentally dedicated employees for the Program, and provided them with support in implementing environmental workplace projects following the fieldtrip
- continued reward and recognition of employees through the Environment eXcel Awards

These efforts complement the Group's external engagement activities. The strength of the relationships with our communities and customers is an important element of the evaluation of the Group's sustainability performance. Over the last 12 months, the Group:

- continued to support, through the Qantas Foundation, key environmental initiatives of Clean Up Australia, Flora & Fauna International, Great Barrier Reef Foundation, Centre for Sustainability Leadership and Landcare Australia, using the funding pool of \$2 million that was reserved for environment-related initiatives upon establishment of the Qantas Foundation in April 2008
- provided corporate support for 'Seals for the Reef', a joint climate change and species research project of the Great Barrier Reef Foundation, the CSIRO and the University of Tasmania's Institute of Marine and Antarctic Studies, and launched an educational 'Seals for the Reef' website which encourages school children and educators to get involved. A kids colouring competition invited our customers and the public to make learning about environmental science fun
- enhanced the environmental engagement of our customers through improved usability and information transparency on qantas.com/environment and through our 2010 'Qantas and the Environment' video released for World Environment Day. The Group has also further incorporated environment into its customer research in order to better tailor its environmental programs and messages. It has also responded to customer feedback and provided further information regarding its 'Fly Carbon Neutral' program

Aircraft impact management

The Group continues to take proactive steps towards minimising its operational impact on communities near airports. The Group's aircraft impact management strategy is based on:

- purchasing and operating quieter aircraft, all of which meet the stringent aircraft noise standards set by the ICAO
- operating aircraft in accordance with relevant procedures such as Noise Abatement Departure Procedures and by adopting techniques such as using a Constant Descent Arrival (CDA) and RNP procedures that have the potential to further mitigate impacts
- ongoing consultation and engagement with communities around airports by participating in airport consultative committees

The Group continues to improve the information provided to our customers and communities regarding aircraft noise by providing more information on qantas.com/environment.

The Group has also commenced a series of innovative community education sessions. These interactive sessions involve taking community representatives through the flight simulators and demonstrating the interaction of aircraft operations and community noise impacts.

Trade-offs

Managing environmental impacts (and other sustainability target areas) is a balancing act. Actions to mitigate one may adversely affect another. For example, the most fuel-efficient flight path may reduce greenhouse gas emissions but may increase the number of people exposed to aircraft noise. In some cases, the Group has been required to operate a fully noise-compliant but less fuel-efficient flight path in response to local community concerns. These types of trade-offs between different impact areas create additional complexity in both setting environmental improvement targets and in identifying improvement initiatives.

Sustainable procurement

The Group is committed to enhancing procurement practices across the supply chain through the consideration of sustainability criteria in the assessment of suppliers when purchasing goods and services.

When assessing the sustainability of a product, the Group considers the full environmental life cycle elements of a product. These include: resource extraction and consumption; manufacturing and production; transport and logistics; product design; use and maintenance; recycling and disposal options. In addition, the Group considers the social elements of product development and supply including employee rights and conditions, corruption, unfair competition and ethical behaviour.

The enhancement of sustainable procurement practices is a key initiative in the Group Environmental Strategy.

Key environment statistics

	Notes	Unit	2011	2010	2009	2008	2007	GRI indicator ¹
Available Seat Kilometres (ASKs)		Million	133,281	124,717	124,594	127,019	122,119	-
Aviation fuel consumption	2	'000 Litres	4,790,143	4,570,556	4,695,383	4,849,430	4,680,270	EN3
CO ₂ -e emissions from aviation – Group	3	Tonnes	12,270,660	11,708,155	12,027,918	12,422,533	-	EN16
CO ₂ -e emissions from aviation – Australia	3, 4	Tonnes	4,255,706	3,914,871	3,963,472	-	-	EN16
CO ₂ -e emissions from aviation – rest of world	3	Tonnes	8,014,954	7,793,284	8,064,446	-	-	EN16
CO ₂ -e per 100 RTKs (Group)	3	Kilograms	99.1	98.8	-	-	-	EN5
Fuel per 100 RTKs (Group)		Litres	38.7	38.6	-	-	-	EN5
Fuel per 100 RTKs (Qantas)		Litres	38.9	38.8	40.1	38.7	38.4	EN5
Electricity (Australia)		MWh	231,763	234,989	242,410	252,097	251,841	EN3
Water (Australia)		'000 Litres	971,151	977,931	1,045,896	1,144,652	1,205,819	EN8
Waste to landfill (Australia)		Tonnes	25,149	28,105	29,838	30,756	31,684	EN22

1. For information on GRI indicators, refer to GRI G3.1 Reporting Framework for Sustainability Reporting, www.globalreporting.org

2. This does not include aviation fuel consumption by Jetstar Asia.

3. Emission factors are from the National Greenhouse Accounts (NGA) Factors (July 2011) published by the Australian Government's Department of Climate Change and Energy Efficiency.

4. As reportable for the Qantas Group under the National Greenhouse and Energy Reporting (NGER) 2007 Act. The 2010/11 Qantas Group NGER report is in progress and is not due until 31 October 2011.

5. Electricity, water and waste to landfill for previous years has been updated to reflect final invoices received from suppliers, where previously based on accruals.

For further information on the Qantas Group's response to climate change, refer to the 2011 Carbon Disclosure Projects (CDP) Investor Information Request, available from qantas.com/sustainability

SOCIAL

Key issues and opportunities

The key social related issues and opportunities facing the Group include:

- the safety and the health and wellbeing of customers and employees
- ensuring secure operations
- provision of a highly responsive business resilience capability
- building a strong culture of engagement across the Group's diverse workforce, developing leadership capability at all levels of the Group and managing the risks associated with a market shortage of talent and an aging workforce
- achieving excellence in customer care to strengthen market share and to compete effectively
- supporting Australia's economic development, tourism and communities (including regional and Indigenous Australia), to enhance the Group's brand 'Spirit of Australia' and reputation as a good corporate citizen

SAFETY, HEALTH AND WELLBEING

Safety is the first priority of the Qantas Group. The Group's approach to the safe management of its operations means that in many cases, its practices exceed the requirements of regulators.

All employees are bound by mandatory safety policies and procedures, and safety is a key criterion for Group Executives' performance assessments. The Group continues to invest heavily in maintaining the standards that it expects of itself and that its customers rightly demand.

Aviation safety

The Group faced a significant challenge in 2010/11 when an A380 sustained an uncontained Rolls-Royce engine failure on 4 November. While this was a serious and unprecedented incident, it was handled with exemplary skill by the flight

crew operating the aircraft. The Group's subsequent actions were decisive: grounding the A380 fleet, carrying out a comprehensive engine inspection and replacement program and not returning the aircraft to service until the Group, manufacturers and regulators were satisfied that it was completely safe to do so. This approach exemplifies the Group's commitment to putting safety first.

Qantas conducted an extensive investigation and analysis of the event in order to make informed and appropriate decisions with regard to operational safety. This analysis was later reviewed and ratified by the engine manufacturer. The cause of the incident was determined to be an engine manufacturing fault. This unwavering commitment to safety was also demonstrated throughout the year in response to natural disasters including the Queensland floods, Cyclone Yasi, the Christchurch and Japan earthquakes and the Chilean volcanic ash cloud.

Occupational Health and Safety (OHS)

In 2010/11 the Group introduced two new metrics of OHS performance – Total Recordable Injury Frequency Rate (TRIFR) and Lost Work Case Frequency Rate (LWCFR). These metrics are designed to provide more meaningful measurement of injury prevention performance and improve visibility of workplace incidents.

Qantas' operations, work environments and work tasks are diverse and varied. As a result, business units have tailored OHS aspects of their safety management system to their risk profiles. The Group continues to monitor, measure, report and improve safety management outcomes and safety and health performance.

Performance

Improvements of 15 per cent in TRIFR and 3 per cent in LWCFR were recorded in 2010/11. The Qantas Group achieved an 85 per cent reduction in the Lost Time Injury Frequency Rate (LTIFR) between 2000/01 and 2009/10.

Key safety and health statistics

	Units	2011	2010	2009	2008	2007	GRI indicator ¹
Aviation fatalities	#	0	0	0	0	0	
TRIFR (Australia)	Rate	35.3	41.5	-	-	-	LA7
LWCFR (Australia)	Rate	9.6	9.9	-	-	-	LA7
LTIFR ² (Australia and New Zealand)	Rate	-	4.3	4.2	5.1	6.3	LA7
SIFR ² (Australia and New Zealand)	Rate	-	14.2	13.5	12.8	12.3	LA7
Occupational health and safety fatalities	#	0	0	0	1	0	
Absenteeism ³	Rate	9.3	9.3	-	-	-	LA7

1. For information on GRI indicators, refer to GRI G3.1 Reporting Framework for Sustainability Reporting, www.globalreporting.org

2. The Qantas Group no longer reports on its Lost Time Injury Frequency Rate (LTIFR) or Serious Injury Frequency Rate (SIFR) following the introduction of the two new metrics; TRIFR and LWCFR.

3. The 2009/10 absenteeism for Qantas Group has been revised from 9.2 to 9.3 to reflect the revised Jetstar reporting scope which now includes Australia and New Zealand based employees.

SECURITY AND FACILITATION

Aviation continues to operate in an environment of evolving and adaptable security threats. The Group continues to utilise a risk-based approach which relies on active monitoring of emerging threats and an integrated security coordination and assurance model to ensure operational continuity and the protection of the Group's assets and interests.

Notwithstanding the evolution of the threat and risk environment since 2001, it is also recognised that there is a growing requirement to harmonise aviation security with the customer experience. In this environment, airlines are under increasing pressure to balance facilitation with regulator and law enforcement requirements. To achieve this balance, the Group has developed effective and influential working relationships with regulators, law enforcement agencies and industry associations, both national and international, that shape policy with regard to security and facilitation. Specifically in association with a small number of other airlines, the Group participates in a number of high level international and domestic industry working groups, including the IATA Security Executive Group, the IATA Cargo Task Force and the Transportation Security Administration International Working Group. As the Group seeks to improve the customer experience, expand regional and leisure operations and increase its presence in Asia, the Group's key focus is to continue to work effectively with regulators and policy makers.

The Group also continues to provide professional oversight and advice across the business, especially with regard to assurance and crisis support. The Group has the appropriate skills, knowledge and attitude to ensure effective security outcomes, assure the business, and support operational continuity.

Improved security systems require input from those who work within the system day to day. As such, the Qantas Group management system aims to increase security awareness through enhancing the security culture across the Group. The key to an improved security culture is leadership and commitment, demonstrated by the degree to which the organisation holds managers and employees accountable for security and facilitation outcomes. As well as targeting specific strategic security risks and continuing to build on good systems, this enhanced culture enables the Group's people to achieve the improvements in security and facilitation that its stakeholders expect.

Benefits over time from the Group's strategic and dynamic approach to security includes a consistently safe operation, operational continuity, compliance with regulation and the rule of law, enhanced facilitation and a proactive security culture.

BUSINESS RESILIENCE

The Group has an effective Business Resilience framework that brings together the disciplines of risk, threat, business continuity and crisis management in order to deal with an uncertain global environment. It has also designed risk processes that enable resilience options to be identified as part of risk mitigation options, such as those associated with projects, technology initiatives, markets and finance, commercial, regulatory interface and industrial relations.

Incorporated within the broader Qantas Management System, the Business Resilience framework enables the effective management of emerging risks and unpredictable events, such as natural disasters. This framework consists of four key processes:

- anticipating the threat or risk through proactive and constant monitoring
- understanding vulnerabilities and opportunities through analysis of critical business functions and suppliers
- preparation of key plans, staff and capabilities ahead of time
- the ability to consistently deliver system improvements to our response through exercises, testing and the application of lessons learnt

The Group maintains a highly effective crisis management capability to reduce the impact of unavoidable events. This capability allows the business to quickly come together at a central point, to manage both the strategic and operational impacts of the event and to coordinate diverse stakeholders. This capability is also utilised when the Group provides support to Government and humanitarian operations, such as the evacuation of Australian citizens from Cairo, the Queensland floods and the Christchurch earthquake in early 2011.

PEOPLE

Strategy

Central to the Group's People Strategic Plan is the need to be able to quickly respond to changes in the operating environment. The People Plan has been developed to satisfy three key objectives:

- to build a strong culture that engages employees and enables lasting change to be implemented
- to develop the leadership capability and capacity across all levels of the organisation
- to support a diverse and ageing workforce

Key areas of focus

Engagement

Increasing employee engagement across the Group remains a key focus. A key initiative has been to bring together regularly 100 of the most senior leaders from across the Group to ensure alignment of strategy and purpose. Over the past 12 months the Group has continued to stage similar forums involving 500 influential leaders from across the organisation.

Managing performance and talent

The Group's approach to managing performance is to focus on constructive leadership behaviours. This has been facilitated by investment in the development of leadership, feedback and coaching skills for all managers. This includes a Leadership Navigator toolkit and a 'learning pathway' for management that begins with a Certificate III in Business and continues with a Certificate IV in Frontline Management. The aim is to give all leaders, managers and frontline supervisors a common approach to managing people across the Group.

The Group's talent management processes effectively support the business in the areas of workforce and succession planning.

Diversity

Gender Diversity

Increasing representation of females in manager roles, including senior management roles, continues to be a focus for the Group. Key metrics for 2010/11 relating to gender diversity include:

- women comprise 41.1 per cent of the workforce
- 29.9 per cent of senior roles are occupied by women, up from 22.1 per cent in 2009/10, as a result of new hires and promotions into senior management positions
- Three of the 11 Directors (27.3 per cent of the Directors) on the Board are women, with the appointment of an additional female Director in June 2011
- the retention rate for women returning from maternity leave was 100 per cent for pilots and 99 per cent for other roles

The ASX Principles have been revised to require companies to establish diversity-related measurable objectives, undertake an annual assessment against the objectives and make related disclosures in 2012 Annual Report. The Qantas Group is currently developing and formalising targets for diversity in line with the requirements under the ASX Principles, which will be disclosed in the 2012 Annual Report. The Diversity Statement is available in the Corporate Governance section on the Qantas website.

For details on initiatives and programs to increase the representation of women, refer to the 2010/11 Qantas Report for the Equal Opportunity for Women Agency (EOWA) available from qantas.com/sustainability.

Cultural Diversity - Indigenous Australians

A key focus in recent years has been to increase the number of Indigenous Australians in the Group's workforce. By June 2011, the Group had 338 Indigenous employees and met a key milestone of employing 330.

Age Diversity

The Group values the wide range of experience and expertise contributed by the diverse workforce.

The percentage of employees representing the age groups of 45 years and above has been gradually increasing over the last five years. This trend is primarily evident within Qantas' Engineering, Airports, QCatering and Cabin Crew business units. The Qantas Group is actively managing the succession and continuity of the knowledge and experience of this valuable group of employees as they approach retirement.

Health

With an aging workforce, and intense competition for talent, the Group recognises how important it is to provide safe, healthy workplaces and to encourage healthy living.

Flexible working arrangements

The Group is committed to providing employees with flexible workplace arrangements including part-time work opportunities. The Group also provides a range of benefits and wellbeing initiatives (outlined on page 38 of the 2011 Annual Review). Workplace flexibility is an important driver of staff engagement and retention of talent. The percentage of Group employees who work part-time has increased from 12.3 per cent in 2006/07 to 13.4 per cent in 2010/11.

Industrial relations - agreements and negotiations

The Group seeks to deliver fair and sustainable wage settlements for its employees and the company, to position itself well for future challenges and to avoid compromising the long-term sustainability of the organisation. 48 collective agreements are in place with employees and unions across the Group.

As at September 2011, the Group is negotiating key agreements with the Australian and International Pilots Association (AIPA), the Australian Licensed Aircraft Engineers Association (ALAEA), the Flight Attendants Association of Australia (FAAA) and the Transport Workers Union (TWU). The negotiations continue with the aim of reaching fair and sustainable outcomes for all parties.

Key people statistics

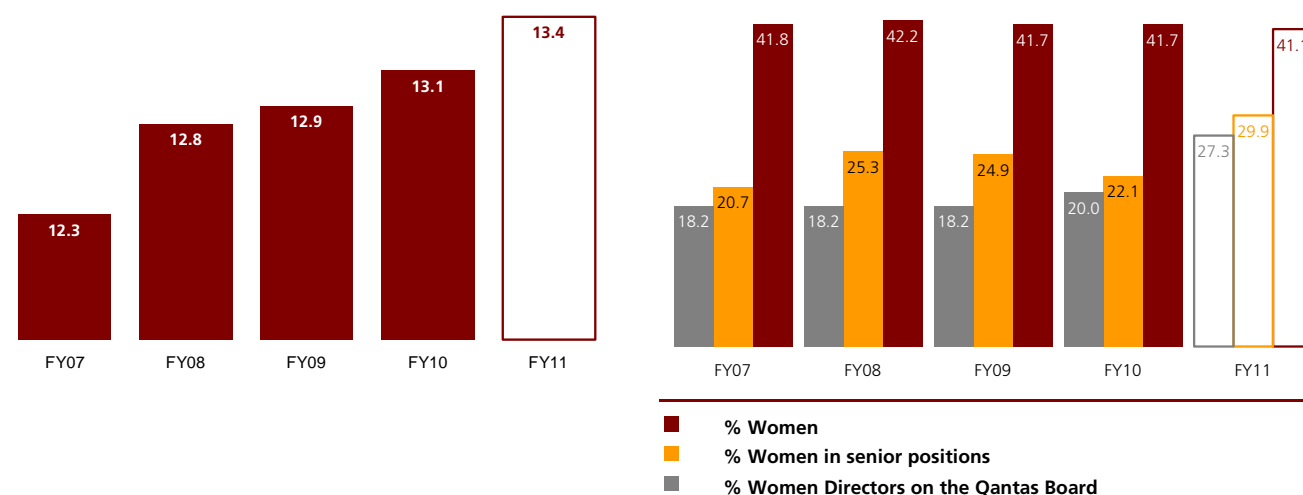
	Units	2011	2010	2009	2008	2007	GRI indicator ¹
Number of full-time equivalent employees	#	32,695	32,490	33,030	34,295	33,102	LA1
Percentage of women	%	41.1	41.7	41.7	42.2	41.8	LA13
Percentage of women in senior positions ²	%	29.9	22.1	24.9	25.3	20.7	LA13
Percentage of women Directors on the Qantas Board	%	27.3	20.0	18.2	18.2	18.2	LA13
Number of women Directors on the Qantas Board	#	3	2	2	2	2	LA13
Number of Indigenous Australian employees	#	338	304	269	203	141	LA13
Percentage of part-time employees	%	13.4	13.1	12.9	12.8	12.3	
Employees by age group (permanent employees)							LA13
16-24 Years	%	4.2	4.5	5.3	5.6	4.2	
25-34 Years	%	20.2	20.6	21.3	22.4	23.2	
35-44 Years	%	31.2	32.3	33.0	33.6	34.8	
45-54 Years	%	30.4	29.9	28.7	27.7	27.2	
55-64 Years	%	13.1	12.0	11.2	10.3	10.3	
65 Years +	%	0.9	0.7	0.6	0.4	0.4	

1. For information on GRI indicators, refer to GRI G3 Reporting Framework for Sustainability Reporting, www.globalreporting.org

2. Senior positions was redefined to include Executive Job Grade 4 and above (as defined in the Glossary section). The 2007 – 2010 data for the percentage of women in senior positions has been restated to reflect this new definition.

% of Part-time Employees

Gender Diversity



CUSTOMER

Customer care

The Group continues to focus on delivering the highest levels of customer service. The Group's priority is to listen customer feedback and respond to their needs, with the aim of ensuring customers become advocates for the Group.

The Group has adopted the 'Net Promoter Score' as a key measurement of customer sentiment, enabling it to better understand its customer advocacy. Despite a number of operational challenges, such as the disruptions to the A380 fleet, severe weather events and natural disasters, the Net Promoter Scores of all the Qantas Group airlines have been trending positively.

Qantas' Closed Loop Feedback Program enables Qantas to obtain direct feedback from over 11,000 of its Frequent Flyers about their experience across the airport, lounge and inflight elements right after they have flown. Not only does the feedback support continuous improvement, it provides a direct communication link between the customers and front-line managers. The Program was launched in December 2010 as part of the Group's customer strategy program, and continues to expand with over 20,000 surveys completed to date.

Customer strategy

The Group's long term customer strategy involves:

- greater input by front-line staff in following up the complaints or compliments of customers
- harnessing the power of the Qantas Frequent Flyer program to build enduring and valued relationships
- strengthening the morale, engagement and skills of Qantas people to deliver exceptional customer service
- investing in technological breakthrough initiatives, such as faster, smarter check-in that deliver the biggest returns in terms of customer satisfaction and advocacy

Customer care via social media

In the era of social media, the Group recognises the importance of the new communication channels to inform and assist its customers. In 2010/11, social media became a valuable customer information tool and the Group plans to enhance its customer care presence in social media in 2011/12.

The Group has developed:

- a Steering Group, which is headed by Group Executive Government & Corporate Affairs, that provides an overarching strategy on social media
- a Digital Working Group, a collaborative group of various internal stakeholders, which meets weekly to advise on direction for social media, and is responsible for implementation of actions
- a detailed social media strategy and guidelines for employees

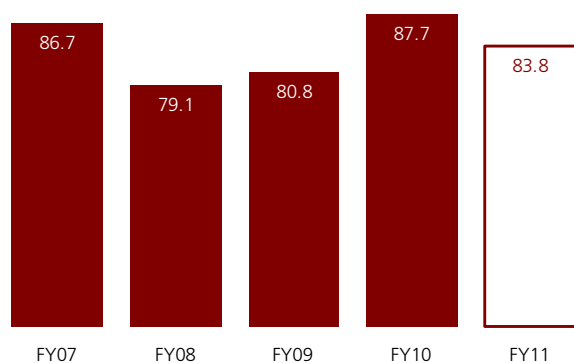
During the disruptions caused by the Chilean volcanic ash cloud, the Group posted on Twitter and Facebook the latest operational updates and provided links to the major disruptions and flight status pages on the Qantas and Jetstar websites. The feedback on the Group's use of social media during the disruption was excellent, and the Group plans to increase its resources further with the employment of dedicated social media staff in the customer care department. The Group recognises that social media can only complement, never replace, the essential customer service work done by airport and call centre staff, but that it is a powerful customer communication tool.

On-time performance

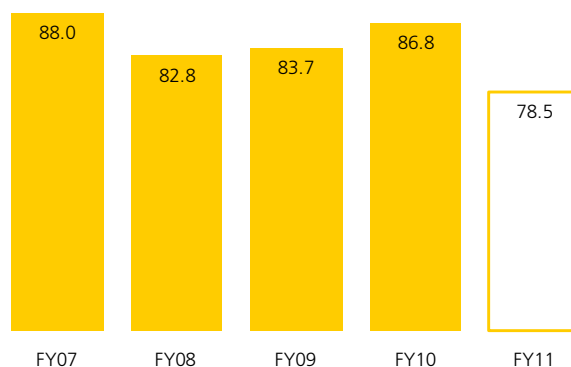
On-time performance is one of the Group's most important operational measures and has a significant impact on efficiency, cost, customer experience and customer satisfaction. This operational measure is especially important for Qantas Airlines and QantasLink, whose services are targeted at premium customers.

In 2010/11, the domestic on-time performance and cancellation rates for all Australian domestic airlines were adversely impacted by natural disasters such as the Queensland floods, Cyclone Yasi and disruptions resulting from the Chilean volcanic ash cloud. Despite these challenging operating conditions, over the full year, Qantas Airlines continued to out-perform Virgin Australia and Tiger Australia in all three domestic on-time performance measures, and Jetstar out-performed Tiger Australia in all three domestic on-time performance measures. (Australian airlines' on-time performances are published in the Bureau of Infrastructure, Transport and Regional Economics website: <http://www.bitre.gov.au>)

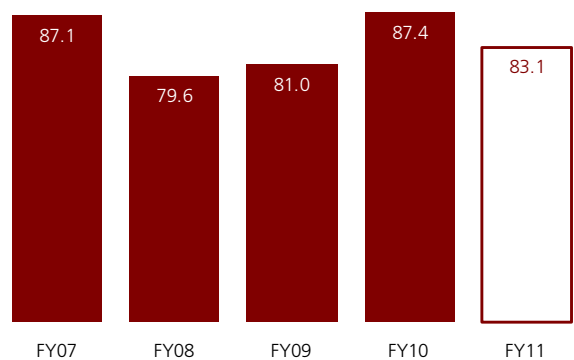
Qantas Airlines Domestic On-Time Departures %



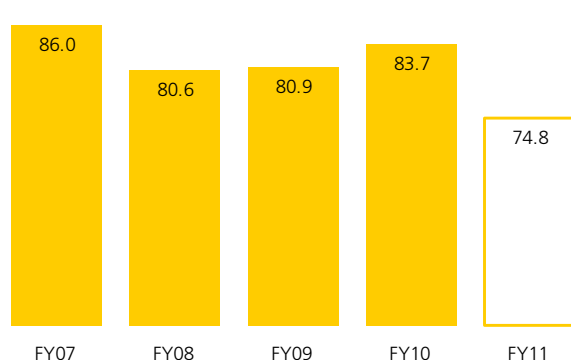
QantasLink Domestic On-Time Departures %



Qantas Airlines Domestic On-Time Arrivals %



QantasLink Domestic On-Time Arrivals %



The industrial dispute with the Licensed Aircraft Maintenance Engineers that occurred from May 2008 to July 2008 impacted on-time performance in both 2007/08 and 2008/09. However, the Group's performance significantly improved during 2009/10 reflecting the Group's focus on operational efficiency.

Key customer statistics

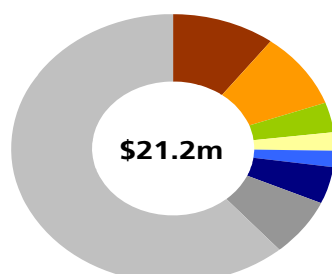
	Units	2011	2010	2009	2008	2007	GRI indicator ¹
Australian domestic on-time departures							PR5
Qantas Group	%	80.4	86.2	81.1	79.7	86.4	
Qantas Airlines	%	83.8	87.7	80.8	79.1	86.7	
QantasLink	%	78.5	86.8	83.7	82.8	88.0	
Jetstar	%	77.1	82.1	76.8	78.4	85.9	
Australian domestic on-time arrivals							PR5
Qantas Group	%	78.9	85.2	80.4	79.4	86.2	
Qantas Airlines	%	83.1	87.4	81.0	79.6	87.1	
QantasLink	%	74.8	83.7	80.9	80.6	86.0	
Jetstar	%	77.3	82.9	78.2	76.5	84.5	
Australian domestic cancellations							PR5
Qantas Group	%	1.6	0.8	1.7	1.8	0.8	
Qantas Airlines	%	1.5	0.8	2.6	2.3	1.0	
QantasLink	%	1.9	0.7	1.1	1.2	0.6	
Jetstar	%	1.4	1.1	0.9	0.9	0.5	

1. For information on GRI indicators, refer to GRI G3.1 Reporting Framework for Sustainability Reporting, www.globalreporting.org

COMMUNITY INVESTMENT

The Qantas Group makes significant contributions to a wide range of community organisations, cultural institutions and sporting teams. The Qantas Foundation, since its establishment in 2008, has been playing a key role in building and strengthening partnerships with the community in which the Qantas Group operates. During 2010/11, the Group's total community investment exceeded \$21 million.

2010/11 Qantas Group Community Investment



Local fundraising	10%
Humanitarian	9%
Environment	4%
Indigenous	2%
Health & Education	2%
Dedicated overhead	5%
Art sponsorship	7%
Sport sponsorship	61%

Local fundraising

The Group's contributions to local fundraising included:

- the Change for Good Program at Qantas, in partnership with UNICEF, which raised \$1.8 million in 2010/11. This program allows passengers to donate loose change and foreign currency inflight
- Qantas Pathfinders, a committee comprised of Qantas staff that raises funds for the Royal Institute for Deaf and Blind Children. Over \$5.9 million has been raised since its formation in 1967

Humanitarian support

The Qantas Group provides humanitarian support during times of crisis and in the event of natural disasters, contributing over \$1.8 million in 2010/11. This contribution included a donation of over \$940,000 to the Queensland Premier's Disaster Relief appeal to assist those affected by the Queensland floods, and a donation of \$500,000 to the Red Cross Victorian Floods Appeal. The Group also provided in-kind support through the provision of blankets, flights, meals and the resources of Group employees and equipment.

Environmental programs

The Qantas Group invests in a various environmental initiatives, above and beyond its environmental compliance and requirements. Refer to the Stakeholder Engagement section of the Environment category of the Data Book (page 71) for the Group's key environmental programs.

Indigenous initiatives

The Qantas Reconciliation Action Plan (RAP) aims to build relationships between Aboriginal and Torres Strait Islanders (Indigenous Australians) and non-Indigenous Australians by undertaking various programs and initiatives. Reconciliation Australia requires Qantas to report annually on implementation of its RAP. The latest report is available at qantas.com/reconciliation.

During 2010/11, the Qantas Group reset its original RAP employment target to 330 by June 2011 and 450 by December 2013. This has been communicated to and accepted by Reconciliation Australia. The Group exceeded the June 2011 milestone by employing 338 Indigenous Australians.

Health and education

The Qantas Group provides donations to community organisations in the areas of health and education, such as Black Dog Institute, Royal Flying Doctors Service and the Australian Business and Community Network (ABCN).

In 2010/11, through the Qantas Foundation's partnership with ABCN, 68 Qantas staff mentored 34 primary school students and contributed 500 volunteer hours in the SPARK Reading Program. Through one-on-one mentoring, the SPARK Reading Program offers development opportunities to primary school students who have lower literacy skills and/or less opportunities for reading outside of school.

Sport and art sponsorships

In 2010/11, Qantas continued its partnership with Formula 1™ in Australia as Premier Partner of the 2011 Formula 1™ Qantas Australian Grand Prix. Qantas is a proud supporter of the Australian Rugby Union and is the official airline of the Qantas Wallabies. It is also the official partner and airline of the Qantas Socceroos, the Football Federation Australia and the Hyundai A-League.

Qantas supports a variety of arts organisations including Sydney Dance Company, Bangarra Dance Theatre, The National Gallery of Victoria, the NSW Art Gallery, Gondwana Indigenous Choir, National Boys and Girls Choirs, Opera Australia, Australian Ballet and the Australian Chamber Orchestra.

The annual Qantas Foundation Encouragement of Australian Contemporary Art Award provides eight Australian contemporary artists, from each state and territory, with \$14,000 per artist in cash and airfares.

ECONOMIC CONTRIBUTION AND REGIONAL DEVELOPMENT

Economic contribution to Australia

The Group makes a direct contribution to national export revenue and to domestic and regional tourism. In 2010/11, the Group made a direct contribution to national export revenue of \$5.5 billion, and to domestic and regional tourism of \$19.6 billion. The Group's contribution to national export revenue was 2 per cent higher than the prior year, representing an increase in the number of international visitors brought to Australia by the Group. The Group's contribution to domestic traveller expenditure was 3 per cent higher than the prior year. This is driven by an 8 per cent increase in the number of domestic passengers carried by Qantas Group carriers, offset by a 4 per cent decrease in the average expenditure per visitor.

The Group also makes a large indirect contribution to the national economy. Access Economics found that for each \$1 million in revenue earned by Qantas, \$2.1 million was generated in Australian output. On this basis, in 2010/11, the Group contributed approximately \$31.3 billion to the economy's output.

	Units	2011	2010	GRI indicator ¹
Tourism spending by Group passengers				
National export revenue	\$M	5,534	5,406	EC 1
Domestic traveller expenditure ²	\$M	19,644	19,035	EC 1
Indirect contribution to the national economy				
Economic output	\$M	31,277	28,921	EC 9

1. For information on GRI indicators, refer to GRI G3 Reporting Framework for Sustainability Reporting, www.globalreporting.org

2. Domestic traveller expenditure for 2010 has been restated based on the revised definition to reflect the domestic passenger number for the financial year

Regional Australia

Supporting the economic development of tourism and communities in regional Australia through its dedicated regional business, QantasLink, continues to be an important priority of the Group serving 56 destinations across all states and territories and operating more than 2,000 flights per week.

In addition to growing services, investing in new aircraft and job creation, QantasLink promotes tourism in regional areas and supports charitable initiatives, including continued sponsorship of the Queensland Outback Tourism Awards (since 2003) and the National Breast Cancer Foundation (since 2007).

QantasLink also supports many initiatives promoting and marketing regional communities. Its activities during 2010/11 included:

- promoting regional tourism by displaying the images of Taronga Western Plains Zoo animals on a Bombardier Q400 aircraft
- supporting Tunarama Festival in Port Lincoln as the main sponsor. 2010/11 marked the 50th anniversary of this event
- supporting Brisbane to Gladstone Yacht Race as the main sponsor
- providing assistance in the Queensland flood relief, including:
 - over 300 additional flights to flood affected regions across south east and central Queensland
 - travel funds provided to the Rockhampton Council and 'goodwill' tickets provided to raise funds in various communities after the floods

Qantas in Regional Australia: Examples from the Leisure Tourism and Business Market

	Dubbo	Rockhampton	Wagga Wagga	Port Lincoln	Bundaberg
Size of local population	42,000	120,000	65,000	15,000	70,000
Passengers carried in FY11	92,000	297,000	122,000	106,000	132,000
Total Qantas direct spend FY11 ¹	\$1.1 million	\$2.9 million	\$1.3 million	\$0.8 million	\$1.7 million

1. Includes local accommodation, catering, ground handling and payments for aviation charges, rates and fees to relevant Local Councils

GOVERNANCE

Key issues and opportunities

The key governance related issues and opportunities facing the Group include:

- maintaining a sound corporate governance framework
- continually improving the Qantas Group Risk Management Framework whilst maintaining compliance with ASX Principle 7: Recognise and Manage Risk

Corporate Governance

Corporate Governance is core to ensuring the creation, protection and enhancement of shareholder value. The Qantas Board of Directors (Board) is responsible for ensuring that the Group has an appropriate corporate governance structure and that robust accountability and control systems are in place to maintain its integrity. To achieve this objective, the Board has endorsed the Australian Securities Exchange (ASX) Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments, 2nd Edition (ASX Principles).

The Qantas Board

The Board is principally responsible for setting and reviewing the strategic direction of the Group and monitoring the implementation of that strategy by Executive Management. The Board comprises a majority of independent Non-Executive Directors who, together with the Managing Director, have extensive commercial experience and bring independence, accountability and judgement to the Board's deliberations to ensure maximum benefit to stakeholders including shareholders, customers, suppliers, employees, government regulators and members of the community where the Group operates.

Further information on the Qantas Corporate Governance framework, including a copy of the Qantas Constitution, Board and Committee Charters and the Business Practices Document, is available at qantas.com

Board Committees

The Board is assisted in fulfilling its governance responsibilities and duties by the Audit Committee, the Remuneration Committee, the Nominations Committee and the Safety, Health, Environment and Security Committee (known as CHES).

The Audit Committee is responsible for assisting the Board in regard to the integrity of the Group's financial reporting, compliance with legal and regulatory obligations, the effectiveness of the Group's enterprise-wide risk management internal control framework and oversight of the independence of the internal and external auditors.

The Remuneration Committee assists the Board in regard to the remuneration framework for Non-Executive Directors, remuneration and incentive framework for the CEO, Executive Committee members, and Senior Executives and strategic human resource policies.

The CHES is responsible for assisting the Board in fulfilling its strategy, policy, monitoring and corporate governance responsibilities in regard to safety, health, environment and security matters, including enterprise-wide risk management and compliance with legal and regulatory obligations.

The Nominations Committee is responsible for assisting the Board in regard to Board appointments, re-elections and performance, Directors' induction program and continuing development, committee memberships and diversity obligations.

Qantas Board oversight of sustainability including ESG performance is provided by the CHES and the Audit Committee and is governed by the Qantas Corporate Governance framework.

The Qantas Group Policy Framework

The Qantas Group Policy Framework was re-launched in 2009/10 and updated in 2010/11. The Board has endorsed a summary of the key values and business practices of the Qantas Group in the Qantas Group Business Practices Document.

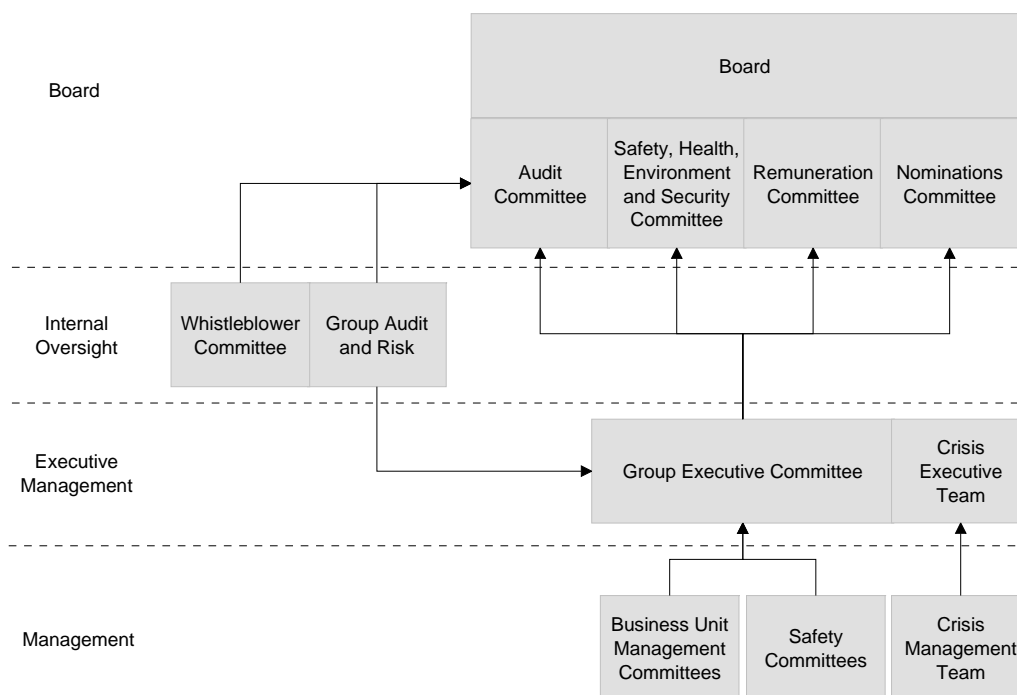
The Qantas Group is committed to complying with all applicable laws and regulations, and to conducting business with the highest levels of ethics and integrity. The Qantas Group Business Practices Document highlights the standards to be upheld by all employees, including in relation to Continuous Disclosure, Employee Share Trading, Risk Management, Safety, Whistleblower Protection and Stakeholder Communications.

Qantas Group Risk Management Framework

The Qantas Group is committed to embedding risk management practices to support the achievement of business objectives and fulfil corporate governance obligations. The Qantas Group Risk Management Framework supports the identification, assessment, management and reporting of risks across the business.

The Group governance structure facilitates the monitoring, oversight and escalation of risks to Management and the Board. Business units are active participants in the structure and are required to maintain an internal governance structure to support the Group's objectives and to manage the risks within their business units. The Crisis Executive and Crisis Management Teams are engaged to manage and coordinate responses to specific events and unexpected external disruptions (e.g. the New Zealand and Japanese earthquakes and volcanic ash cloud). The Safety Committees provide forums for the escalation of safety, health, environment and security specific risks.

Qantas Group Governance Structure



Details of the risk management policy, risk governance structure and risk reporting framework are provided in the Corporate Governance Statement in the 2011 Annual Report.

Qantas Management System

The Qantas Management System (QMS) is the Group management system standard which supports the Group in maintaining safe, secure and sustainable outcomes for air and group operations and related people activities.

The QMS consists of five core components:

1. Leadership commitment and planning
2. Process and activity management
3. Risk management
4. Assurance
5. Training and promotion

It forms part of the Qantas Group Risk Management Framework and defines the minimum requirements to be followed across the Group. It supports the systematic management of activities and processes to consistently meet quality expectations and effectively manage risk. Risk categories include but are not limited to safety, health, legal, security, environment, quality and compliance risks.

Risk management culture

Qantas has established the following processes/principles to create and maintain the organisation-wide risk culture that takes into account strategic, financial and operational risks.

- Leadership and commitment – the Qantas Board, Executive Committee and Management demonstrate strong commitment to risk management by their support and endorsement for risk related policies,

involvement in the risk analysis, escalation and management process, certification of risk management processes and participation in risk-based decision making for all key strategic decisions/initiatives

- Risk management resources – risk champions and specialists exist throughout the business to provide appropriate coverage and focus on embedding a risk culture. Office of the CEO provides an integrated risk advisory, compliance and assurance function covering a range of disciplines including Safety, Environment, Security, Resilience, Risk and Internal Audit
- Integration of risk into key decision making and processes – the Group is committed to establishing efficient and effective processes for integrating risk into key decisions and core processes including (but not limited to) strategy development, business case approvals, project management and contract management
- Building consistent risk capabilities – to build consistent risk capabilities across the Group, risk-related training (ranging from on-line risk awareness training to classroom-based specialist training) is available to all employees and covers risk, safety/OHS, environment and crime and corruption
- Independent reviews – recent independent reviews of the Qantas Group Risk Management Framework concluded that it was well designed, consistent with ASX Principle 7 and AS/NZS ISO 31000: 2009 and embedded within the business. Management continues to improve the Framework by continuing to identify effective and efficient ways of capturing and analysing risk information across the Group

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GLOSSARY

A

Absenteeism (Australia and New Zealand) – The average number of annualised days taken as sick leave (including carer's leave) per employee from 1 July to 30 June for employees who are employed as at 30 June of the prior year. Scope:

Qantas, Qantas Freight, Qantas Frequent Flyer and Corporate – all Australian based employees of each segment, excluding Network Aviation.

Jetstar – all Australian and New Zealand based employees of the Jetstar segment, excluding Jetstar Asia.

Qantas Group – all employees included within the scope of the segment measures as detailed above.

AFTK, Available freight tonne kilometres – Total freight tonnage capacity available, multiplied by the number of kilometres flown.

Associated company – Companies where the Qantas Group's holding amounts to at least 20 per cent and at the most 50 per cent.

ASK, Available seat kilometre – A measure of an airlines' capacity. Total number of seats available for passengers, multiplied by the number of kilometres flown.

Australian domestic cancellations – The percentage of Australian domestic cancellations from 1 July to 30 June. A flight is counted as cancelled if it is cancelled less than seven days prior to its scheduled departure time, as per the definition by BITRE.

Scope: Australian domestic scheduled services.

Australian domestic on-time arrivals – The percentage of Australian domestic on-time arrivals from 1 July to 30 June. A flight arrival is counted as on time if it arrives at the gate within 15 minutes of the scheduled arrival time for sectors flown. Neither diverted nor cancelled flights count as being on time, as per the definition by BITRE.

Scope: Australian domestic scheduled services.

Australian domestic on-time departures – The percentage of Australian domestic on-time departures from 1 July to 30 June. A flight departure is counted as on time if it departs from the gate within 15 minutes of the scheduled departure time for sectors flown. Neither diverted nor cancelled flights count as being on time, as per the definition by BITRE.

Scope: Australian domestic scheduled services.

Average fleet age – scheduled passenger fleet – The average age of the Group's scheduled passenger fleet based on manufacturing dates.

Scope: The scheduled passenger fleet (excludes dedicated freighters and Network Aviation fleet) of the Qantas Group. Includes owned and leased aircraft. Includes Jetstar Asia but excludes Jetstar Pacific.

Average FTE – Average full time equivalent for the 12 months ending 30 June.

Aviation fatalities – Fatal injuries as a result of being in Qantas Group aircraft or having direct contact with any part of Qantas Group aircraft from 1 July to 30 June, including parts which have become detached from the aircraft, or direct exposure to jet blast except when the injuries are from natural causes, self-inflicted or inflicted by other persons, or when the injuries are to stowaways hiding outside the areas normally available to the passengers and crew. For statistical uniformity only, an injury resulting in death within 30 days of the date of the accident is classified as a fatal injury (adapted from Australian Transport Safety Bureau (ATSB) and International Civil Aviation Organization

(ICAO) definitions for serious injuries resulting from aircraft events).

Aviation fuel consumption – The total volume of aviation kerosene consumed by the Qantas Group's flying businesses from 1 July to 30 June.

Scope: Aviation fuel consumption includes Qantas, Jetstar (excluding Jetstar Asia), QantasLink, Jetconnect and Qantas Freight, for both domestic and international operations. Aviation fuel consumption does not include consumption by codeshare partners. Aviation fuel consumption by Network Aviation is included for the period from 11 February 2011 to 30 June 2011.

B

Block hours – The time between the aircraft leaving the departure gate and arriving at the destination gate.

BITRE – Bureau of Infrastructure, Transport and Regional Economics (refer to www.bitre.gov.au).

C

CO₂-e emissions from aviation (Australia) – The amount of greenhouse gas emissions within Australia measured in carbon dioxide equivalent (CO₂-e) tonnes generated from aviation fuel consumption (as defined above) from 1 July to 30 June that is reportable under the National Greenhouse and Energy Reporting Act 2007 (NGER Act).

Scope: For 2010/2011, the full year aviation fuel consumption by Network Aviation is included as required by the NGER Act.

CO₂-e emissions from aviation (Group) – The amount of greenhouse gas emissions measured in carbon dioxide equivalent (CO₂-e) tonnes generated from aviation fuel (as defined above) from 1 July to 30 June. Under the Australian Government's Department of Climate Change and Energy Efficiency National Greenhouse Accounts (NGA) Factors, emissions incorporated into the calculation include carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O). The Qantas Group applies the NGA Factors conversions and methodology for the calculation of CO₂-e.

Scope: As per the scope of Aviation fuel consumption.

CO₂-e emissions from aviation (rest of world) – The difference between CO₂-e emissions from aviation (Group) and CO₂-e emissions from aviation (Australia)

CO₂-e per 100 Revenue Tonne Kilometres (RTKs) (Group) – Fuel per 100 RTKs converted to CO₂-e tonnes by the NGA Factors.

Scope: Wholly-owned entities of the Qantas Group excluding Network Aviation.

CAPEX (Capital Expenditure) – Payments for capital assets.

D

Domestic traveller expenditure – Domestic traveller expenditure is calculated as the number of Qantas Group domestic passengers for the financial year multiplied by the estimated average expenditure per visitor of \$620 (Source: Tourism Australia's March 2011 National Visitor Survey (latest available data)) (2010: \$649 (Source: Tourism Australia's March 2010 National Visitor Survey)). This amount includes the value of related airfares. As it is not possible to disaggregate the data, the calculation should be viewed as indicative only e.g. the figure may include some international visitor expenditure (where domestic flights are purchased after arrival in Australia) or understate the expenditure associated with domestic flights which are 'round trip'.

E

Earnings per share (EPS) – Profit after tax divided by the weighted average number of issued shares.

EBIT – Earnings before interest and tax.

EBITDA – Earnings before interest, tax, depreciation and amortisation.

EBITDAR – Earnings before interest, tax, depreciation and amortisation and rentals (leasing costs for aircraft).

Economic output – This measure is calculated as the Qantas Group total revenue multiplied by a Qantas Group economic multiplier of 2.1 (as calculated by Access Economics in 2008). The multiplier is derived from Australian Bureau of Statistics input/output tables of the Australian economy. Access Economics is an economic advisory company which provides expertise in analysis, modelling and forecasting. Access Economics was commissioned by Qantas to gain a better understanding of the Group's contribution to the Australian economy. A multiplier of 2.1 suggests that a \$1 million increase in demand for Qantas' services leads to a \$2.1 million increase in output from all sectors in the economy, including air transportation. In other words, the flow-on effect outside of the Qantas Group for every \$1 million of revenue is \$1.1 million.

Electricity (Australia) – The total amount of electricity consumed as measured in MWh (megawatt hours) where electricity is separately billed for the period 1 July to 30 June.

Scope: Qantas Group sites within Australia, excluding Network Aviation.

Employees by age group (permanent employees) – The percentage by age group of permanent employees of the wholly owned entities of the Qantas Group in Australia and overseas as at 30 June.

F

Fuel per 100 Revenue Tonne Kilometres (RTKs) (Group) – Aviation fuel consumption per 100 RTKs from 1 July to 30 June. Revenue tonne kilometres (RTKs) is the total number of tonnes of paying passengers, freight and mail carried, multiplied by the number of kilometres flown.

Scope: Wholly-owned entities of the Qantas Group excluding Network Aviation.

Fuel per 100 Revenue Tonne Kilometres (RTKs) (Qantas) – Aviation fuel consumption per 100 RTKs for Qantas Airlines from 1 July to 30 June. Revenue tonne kilometres (RTKs) is the total number of tonnes of paying passengers, freight and mail carried, multiplied by the number of kilometres flown.

FTE – Full-time equivalent.

L

Lost Time Injury Frequency Rate (LTIFR) (Australia and New Zealand) – The number of Lost Time Injuries (LTIs) per million hours worked in Australia and New Zealand from 1 July to 30 June, where an LTI is defined as any work related injury or illness that results in the loss of one or more full days or shifts. LTIFR was previously measured by Qantas Group business units as a means to compare their own performance both internally and externally.

Lost Work Case Frequency Rate (LWCFR) (Australia) – The total number of injuries or illnesses during work hours (1

July to 30 June) with an accepted workers compensation claim which resulted in total incapacity, per million hours worked. Total incapacity is defined as a workers compensation claim with an authorised unfit for work medical certificate. This metric includes embedded contractors (as described above). Calculation is based on workers compensation claim status as at 14 July 2011 (2010: 14 July 2010).

Scope: Australian-based employees and embedded contractors of the wholly-owned entities of the Qantas Group excluding Network Aviation.

M

Market capitalisation – Share price at 30 June multiplied by the number of outstanding shares.

N

National export revenue – National export revenue is calculated as the number of inbound visitors brought to Australia by Qantas and Jetstar (including Jetstar Asia) for the 12 months to 31 May (latest available data as at 30 June (Source: Australian Bureau of Statistics)) multiplied by the estimated average visitor expenditure of \$3,315 (Source: Tourism Australia's March 2011 International Visitor Survey (latest available data)) (2010: \$3,297 (Source: Tourism Australia's March 2010 International Visitor Survey)). This amount does not include the value of airfare and freight charges that accrue to the Qantas Group from overseas sources which also represent export revenue.

Number of full-time equivalent employees – The total number of full-time equivalent (FTE) employees as at 30 June, reported in total for each segment of the Qantas Group in Australia and overseas. This is calculated using standard working hours for full-time and part-time employees and actual hours worked by the casual and temporary workforce.

Scope: Wholly-owned entities of the Qantas Group

Number of Indigenous Australian employees – The number of self-identified Aboriginal and Torres Strait Islander employees across the Qantas Group as at 30 June.

Number of women Directors on the Qantas Board – The number of female Directors on the Qantas Board as at 30 June.

O

Occupational health and safety fatalities – The death of an employee or contractor occurring from 1 July to 30 June, arising from an occupational injury or disease sustained or contracted while working for the Qantas Group in Australia and overseas. The Group only includes employees and embedded contractors in its definition. Embedded contractors are those who work exclusively for the Group and perform work that is considered to be core business e.g. contractors provided by labour hire companies permanently to engineering or ramp services.

P

Passenger load/seat factor – Revenue passenger kilometres divided by available seat kilometres expressed as a percentage. Percentage of total passenger capacity actually utilised by paying passengers.

PAT – Profit after tax.

PAX – Passengers.

PBT – Profit before tax.

Percentage of part-time employees – The percentage of part-time positions in the wholly owned entities of the Qantas Group in Australia and overseas as at 30 June. Part-time positions include permanent and temporary part-time positions. Part-time employees is defined as those whose assigned working hours (as per contract) are lower than the position's standard working hours.

Percentage of women – The percentage of female employees of the wholly owned entities of the Qantas Group in Australia and overseas by the Group as at 30 June.

Percentage of women Directors on the Qantas Board – The percentage of female Directors on the Qantas Board as at 30 June.

Percentage of women in senior positions – The percentage of female employees in senior management positions in the wholly owned entities of the Qantas Group in Australia and overseas as at 30 June. During 2010/2011, senior positions was redefined to include Executive Job Grade 4 and above, which is considered to be equivalent to a job whose Hay points, as measured by Hay Job Grading Scheme points factor methodology, are 733 and above. This methodology is a job grading approach commonly adopted by Australian companies to establish comparability of job profiles.

R

Return on equity – Profit after tax divided by average shareholders' equity.

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

RFTK, Revenue freight tonne kilometre – Number of tonnes of paid freight and mail traffic multiplied by the number of kilometres flown.

RTK, Revenue tonne kilometre – Quantifies the amount of revenue generating payload carried, for the distance flown. Total number of tonnes of paying passenger, freight and mail carried, multiplied by the number of kilometres flown.

S

Serious Injury Frequency Rate (SIFR) (Australia) – The number of workplace injuries resulting in the accumulation of seven or more total and/or suitable duties days lost per million hours worked in Australia from 1 July to 30 June.

Serious injuries excludes injuries incurred by employees while travelling for work but outside of work hours and those incurred while travelling to and from work. Suitable duties days are defined as days when an employee has returned to the workplace following an injury but has specific restrictions or limitations around the work they can perform as part of a return to work plan.

T

Total Recordable Injury Frequency Rate (TRIFR) (Australia)

– The total number of injuries or illnesses during work hours (1 July to 30 June) with an accepted workers compensation claim per million hours worked. This metric includes embedded contractors who work exclusively for the Qantas Group and perform work that is considered to be core business, e.g. contractors provided by labour hire companies permanently to engineering or ramp services. Calculation is based on workers compensation claim status as at 14 July 2011 (2010: 14 July 2010).

Scope: Australian-based employees and embedded contractors of the wholly-owned entities of the Qantas Group excluding Network Aviation.

W

Waste to landfill (Australia) – The total solid waste and quarantine waste generated as measured in tonnes where the Qantas Group is responsible for the waste removal and is separately billed (that is, where there is a separately identified item on a bill for waste and is not part of a general overhead charge) for the period 1 July to 30 June. Scope: Qantas Group sites within Australia, excluding Network Aviation.

Water (Australia) – The total amount of water consumed as measured in kilolitres where water is separately billed for the period 1 July to 30 June.

Scope: Qantas Group sites within Australia, excluding Network Aviation.

Y

Yield (excluding FX) – Net passenger revenue, excluding foreign exchange and passenger recoveries, divided by revenue passenger kilometres.

