

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Reporting period: Year ended 30 June 2011

Previous corresponding period: Year ended 30 June 2010

	Increase/Decrease	%	To \$m
Revenue from ordinary activities	Increase	12	3,196.7
Profit from ordinary activities after tax attributable to members	Increase	1049	349.5
Net profit for the period attributable to members	Increase	1049	349.5

Review of Operations

QR National delivered a solid improvement in financial performance in 2010/11 compared to the prior year, despite the impact of the Queensland floods and Cyclone Yasi. These extraordinary wet weather events contributed to a 37 million tonne reduction in haulage volumes for the year. Given these conditions, the robust full year financial result is a testament to the resilience and strength of QR National's business.

Revenue rose to \$3.3 billion for the reporting period to 30 June 2011, an 11 per cent increase over the prior year (FY10: \$3.0 billion). The combination of revenue growth with cost reduction and reform initiatives contributed to a 17 per cent improvement in underlying¹ Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) to \$813 million (FY10: \$696 million) Underlying EBIT increased by 35 percent to \$367 million (FY10: \$272 million). Statutory after tax profit was \$350 million and statutory EBIT of \$205 million was achieved.

Total assets were \$9.2 billion, and earnings per share was 14.94 cents (FY10: (9.97) cents). The Company's strong cash flow has supported our major investment program, with capital expenditure totalling \$1.4 billion for the year. The Company's net debt position as at 30 June was \$686 million, reflecting a net gearing ratio of 9 per cent. Refer to note 22 of the financial report for further details of the Company's debt position.

A review of the results for the financial year by business unit is set out below:

Coal

Reduced coal production throughout the year translated into weaker than expected haulage volumes of 182 million tonnes for the Coal division. Full year revenue of \$1.7 billion was broadly in line with the prior year, although revenue per net tonne kilometre (NTK) grew by 11 per cent. Underlying EBIT declined by 29 per cent, or \$65.4 million, to \$158.8 million.

During 2010/11, the Company signed long-term contracts for haulage of coal in excess of 26 million tonnes per annum with a revenue value of more than \$1.6 billion. These new contracts include commercial incentives for strong operational performance by QR National, leveraged off the size, scale and expertise of our coal haulage business.

¹ The Group's underlying results differs from the statutory results. The exclusion of certain items allows a more appropriate and meaningful analysis of the Group's underlying performance on a comparative basis. A reconciliation between underlying earnings and proforma earnings is set out in note 4 to the accounts.

Network Services

Network Services contributed full year revenue of \$1.2 billion and underlying EBIT of \$284.7 million, which were up on the prior comparable period by 11 per cent and 3 per cent respectively. Despite lower volumes, access revenue was largely protected through take or pay mechanisms. The increase in revenue reflects the increased activity in Rollingstock Services and the securing of new maintenance contracts. Work continued on a number of strategic growth projects to position the Company to capture the forecasted surge in coal production over the coming years, with capital expenditure for the year totalling \$700 million.

Freight

Total revenue in the Freight division grew 11 per cent in 2010/11, or \$127.0 million, to \$1.3 billion, over the prior year. Underlying EBIT grew by 132 per cent, or \$126.4 million, to \$30.6 million and is reflective of the Transport Services Contract with the Queensland Government for regional services. Capital expenditure grew from \$89 million to \$197.8 million to support iron ore growth projects.

Dividends

Note 28 of the financial report sets out details of dividends paid and declared during the year.

The record date for determining entitlements to dividends for the period 1 December 2010 – June 2011 is 8 September 2011.

There are no dividend reinvestment plans in place.

Net tangible assets

	30 June 2011	30 June 2010
Net tangible assets (\$'000)	6,966,815	2,644,602
Ordinary shares (000)	2,440,000	3,792,757
Net tangible asset backing per ordinary share (\$)	2.86	0.70

Entities over which control was gain or lost during the period

The following entities were incorporated during the year:

	Date of incorporation
QR National Limited	14 September 2010
QRN Finance Pty Ltd	23 September 2010
QRN Property Holding Pty Ltd	23 September 2010
QRN Property Pty Ltd	23 September 2010
QRN Terminal Pty Ltd	23 September 2010

Details of associates and joint ventures

Note 32 of the financial report sets out details for details of associates and joint ventures.

The profit contribution from any one of these joint ventures is not material to the Group's profit for the period or the previous corresponding period.

Audit

This report is based on accounts which have been audited. The audit report, which is unmodified, will be made available with the Company's financial report.