FULL YEAR RESULTS ANNOUNCEMENT

International Airlines Group today (February 29, 2012) presented Group consolidated results for the year ended December 31, 2011. In addition, IAG presented combined results for the year ended December 31, 2011 including Iberia's first 21 days of January.

IAG period highlights on combined results:

- Fourth quarter operating profit of €34 million, before exceptional items (2010: €6 million)
- Operating profit for the year to December 31, 2011 of €485 million, before exceptional items (2010: €225 million)
- Profit before tax for the year of €503 million after exceptional items (2010: €84 million)
- Revenue for the year up 10.4 per cent to €16,339 million (2010: €14,798 million), including €317 million or 2.1 per cent of adverse currency impact
- Passenger unit revenue for the year up 3.6 per cent (5.8 per cent at constant currency), on top of capacity increases of 7.1 per cent
- Fuel costs for the year up 29.7 per cent to €5,068 million, before exceptional items (2010: €3,907 million), fuel unit costs were up 21.4 per cent
- Other operating costs up 1.1 per cent at €10,786 million, before exceptional items, including €165 million or 1.5 per cent of favourable currency impact. Non-fuel unit costs down 5.6 per cent, or 4.1 per cent at constant currency
- Cash down €617 million for the year to €3,735 million
- Group net debt up €253 million in the year to €1,148 million

Performance summary:

	Combined **Full year to December 31**			***Consolidated*** *(excludes 21 days Iberia pre-merger)*	
Financial data € million (unaudited)	**2011[1]**	2010[1]	Higher / (lower)	*Full year to December 31, 2011[2]*	*Nine months to December 31, 2010[2]*
Passenger revenue	**13,675**	12,322	11.0 %	*13,496*	*6,885*
Total revenue	**16,339**	14,798	10.4 %	*16,103*	*7,889*
Operating profit before exceptional items	**485**	225	116 %	*522*	*418*
Exceptional items	**(78)**	-	nm	*(78)*	-
Operating profit after exceptional items	**407**	225	81 %	*444*	*418*
Profit before tax	**503**	84	499 %	*542*	*201*
Profit after tax	**555**	100	455 %	*582*	*212*
Basic earnings per share (€ cents)				*31.1*	*17.1*
Operating figures	**2011[1]**	2010[1]	Higher / (lower)		
Available seat kilometres (ASK million)	213,193	199,032	7.1 %		
Revenue passenger kilometres (RPK million)	168,617	157,323	7.2 %		
Seat factor (per cent)	79.1	79.0	0.1pt		
Passenger yield per RPK (€ cents)	8.11	7.83	3.6 %		
Passenger unit revenue per ASK (€ cents)	6.41	6.19	3.6 %		
Non-fuel unit costs per ASK (€ cents)	5.06	5.36	(5.6)%		
€ million (unaudited)	**At December 31, 2011[2]**	At December 31, 2010[1]	Higher / (lower)		
Cash and interest bearing deposits	**3,735**	4,352	(14.2)%		
Net debt	**1,148**	895	28.3 %		
Equity	**5,686**	4,670	21.8 %		
Adjusted gearing[3]	**44%**	47%	(3pts)		

[1] This financial data is based on the combined results of operations of British Airways Plc ('BA'), Iberia Líneas Aéreas de España S.A. ('Iberia') and IAG the Company for the full year to December 31, 2011 and 2010. These combined financial statements eliminate cross holdings and related party transactions, however the comparatives do not reflect any adjustments required to account for the merger transaction. Financial ratios are before exceptional items.

[2] The IAG December 31, 2011 Income statement is the consolidated results of BA and IAG the Company for the full year to December 31, 2011 and Iberia from January 22, 2011 to December 31, 2011. The IAG December 31, 2010 comparative is solely the statutory results of BA for the nine months to December 31, 2010.

[3] Adjusted gearing is net debt plus capitalised operating aircraft lease costs, divided by net debt plus capitalised operating aircraft lease costs and equity.

nm = not meaningful

Willie Walsh, IAG chief executive, said:

"We're reporting a strong full year performance with total revenue up 10.4 per cent, boosted by unit revenue improvements with good premium traffic growth. Operating profit has more than doubled to €485 million. While there is disruption in the base figures, capacity this year was up 7.1 per cent but we remained focused on expanding profitably. This is reflected in the 3.6 per cent increase in passenger unit revenue and 5.6 per cent reduction in non-fuel unit costs. Fuel costs, however, remain a significant issue, up 29.7 per cent with fuel unit costs up 21.4 per cent.

“Our performance has also been boosted by net cost and revenue synergies of €74 million, €64 million more than target, in our first year since the merger.

“In the quarter, revenue was up 6.9 per cent however the impact of fuel costs was even more severe, up 33.3 per cent, due to higher prices and the reduced impact of hedging. Despite this, we reported an improved operating profit of €34 million.

“The performance of our airlines reflects the different markets in which they operate. The north Atlantic market remains strong, benefitting British Airways. However, British aviation’s competiveness is undermined by the UK government’s determination to continually increase Air Passenger Duty with the latest rise due this April. In 2011 British Airways paid almost £500 million in APD. As a result of the latest increase, the airline is reducing by around half the number of new jobs it’s creating this year and has postponed plans to bring an extra Boeing 747 back into service.

“Iberia’s challenge is its exposure to financial uncertainty in the Eurozone in a highly competitive marketplace with no-frills airlines, high speed rail and growing competition from more efficient longhaul airlines. Its management has been focused in addressing this, however, the challenge remains for Iberia to become more competitive especially as it has a high cost base and outdated workplace practices. The launch of Iberia Express in late March, alongside the restructuring of its network and hub, will enable Iberia to become more customer focused and cost effective.

“In December, we signed a binding agreement with Lufthansa to buy bmi. While subject to regulatory approval, we plan to integrate bmi mainline into British Airways following agreement by BA pilots to make productivity changes that justify the integration. This deal gives us the ability to grow at Heathrow by launching new longhaul routes to growth economies and supporting our shorthaul network. We have already committed to continue flights from Heathrow to Belfast and will increase services to Scotland. Without this deal, links to the UK regions would not be safeguarded”.

Trading outlook

The outlook for 2012 is subject to a number of uncertainties:

- Demand in London remains strong, with the encouraging trends we saw in H2 2011 in our longhaul premium cabins, particularly on North Atlantic routes, continuing.
- Ongoing developments in the Eurozone will be a major factor in our underlying demand growth, especially for our Spanish network.
- At the current oil price and euro/US dollar exchange rates, we would face a fuel cost increase this year of over €1 billion. The year-over-year impact would be particularly severe in Q1 and Q2, but less severe in H2.
- We remain focused on maximising profits through efficiency improvements, and the launch of Iberia Express is a significant step in that direction. As a result, we are facing continuing industrial action from Iberia’s pilots, with a negative impact of around €3 million per strike day. We are fully committed to the project, and believe its benefits will far outweigh the costs.
- British Airways traffic this summer may be impacted by the Olympic games. While the Olympics will be positive for the long-term position of London as a global destination, past experience in other host cities suggests that demand could be dampened during the games.

Higher fuel costs, weaker European markets and labour unrest will imply, for the first part of the year, a reduction in operating results when compared with the first half of last year. We expect the year-over-year cost pressures to reduce as we move through the second half of the year.

Forward-looking statements:

Certain information included in these statements is forward-looking and involves risks and uncertainties that could cause actual results to differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements include, without limitation, projections relating to results of operations and financial conditions and International Consolidated Airlines Group S.A. (the ‘Group’) plans and objectives for the future operations, including, without limitation, discussions of the Company’s Business Plan, expected future revenues, financing plans and expected expenditures and divestments. All forward-looking statements in this report are based upon information known to the Company on the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

It is not reasonably possible to itemise all of the many factors and specific events that could cause the Company’s forward-looking statements to be incorrect or that could otherwise have a material adverse effect on the future operations or results of an airline operating in the global economy. Further information on some of the most important risks in this regard is given in the shareholder documentation in respect of the merger issued on October 26, 2010 and in the Securities Note and Summary issued on January 10, 2011; these documents are available on www.iagshares.com.

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INCOME STATEMENT

€ million (unaudited)	Combined Full year to December 31					Consolidated (excludes 21 days Iberia pre-merger)	
	Before exceptional items 2011	Exceptional items	Total 2011[1]	2010 [1]	Higher / (lower)	*Full year to December 31, 2011[2]*	*Nine months to December 31, 2010*
Passenger revenue	**13,675**		13,675	12,322	11.0 %	*13,496*	*6,885*
Cargo revenue	**1,190**		1,190	1,096	8.6 %	*1,176*	*625*
Other revenue	**1,474**		1,474	1,380	6.8 %	*1,431*	*379*
Total revenue	**16,339**		16,339	14,798	10.4 %	*16,103*	*7,889*
Employee costs	**3,870**		3,870	3,790	2.1 %	*3,799*	*1,829*
Fuel and oil costs	**5,068**	89	5,157	3,907	32.0 %	*5,088*	*2,204*
Handling, catering and other operating costs	**1,545**		1,545	1,512	2.2 %	*1,522*	*902*
Landing fees and en-route charges	**1,200**		1,200	1,153	4.1 %	*1,175*	*547*
Engineering and other aircraft costs	**1,099**		1,099	1,075	2.2 %	*1,074*	*485*
Property, IT and other costs	**918**		918	991	(7.4)%	*903*	*497*
Selling costs	**756**		756	679	11.3 %	*740*	*277*
Depreciation, amortisation and impairment	**979**		979	1,064	(8.0)%	*969*	*671*
Aircraft operating lease costs	**403**	(11)	392	403	(2.7)%	*375*	*60*
Currency differences	**16**		16	(1)	nm	*14*	*(1)*
Total expenditure on operations	**15,854**	78	15,932	14,573	9.3 %	*15,659*	*7,471*
Operating profit	**485**	(78)	407	225	81 %	*444*	*418*
Net non-operating income/(costs)	**13**	83	96	(141)	nm	*98*	*(217)*
Profit before tax	**498**	5	503	84	499 %	*542*	*201*
Tax	**29**	23	52	16	225 %	*40*	*11*
Profit after tax	**527**	28	555	100	455 %	*582*	*212*

Basic earnings per share (€ cents)	*31.1*	*17.1*
Diluted earnings per share (€ cents)	*29.7*	*17.1*

Operating figures	**2011 [1]**	2010 [1]	Higher / (lower)
Available seat kilometres (ASK million)	**213,193**	199,032	7.1 %
Revenue passenger kilometres (RPK million)	**168,617**	157,323	7.2 %
Seat factor (per cent)	**79.1**	79.0	0.1pt
Passenger numbers (thousands)	**51,687**	50,600	2.1 %
Cargo tonne kilometres (CTK million)	**6,156**	5,907	4.2 %
Passenger yield per RPK	**8.11**	7.83	3.6 %
Passenger unit revenue per ASK	**6.41**	6.19	3.6 %
Cargo yield per CTK	**19.33**	18.55	4.2 %
Total cost per ASK	**7.44**	7.32	1.6 %
Fuel cost per ASK	**2.38**	1.96	21.4 %
Total cost excluding fuel per ASK	**5.06**	5.36	(5.6)%
Aircraft in service	**348**	352	nm
Average employee number	**56,791**	56,563	0.4 %

[1] See page 1 for full note reference.

[2] See page 1 for full note reference. Note the 2011 consolidated results for the Group above are the consolidated results including the impact of the exceptional items.

nm = not meaningful

INCOME STATEMENT

	Combined three months to December 31					Consolidated	
€ million (unaudited)	**Before exceptional items 2011**	Exceptional items	Total 2011[1]	2010 [1]	Higher / (lower)	*Three months to December 31, 2011[2]*	*Three months to December 31, 2010[2]*
Passenger revenue	**3,414**		**3,414**	3,183	7.3 %	**3,414**	2,283
Cargo revenue	**310**		**310**	300	3.3 %	**310**	212
Other revenue	**352**		**352**	329	7.0 %	**352**	119
Total revenue	**4,076**		**4,076**	3,812	6.9 %	**4,076**	2,614
Employee costs	**1,014**		**1,014**	1,023	(0.9)%	**1,014**	643
Fuel and oil costs	**1,317**	13	**1,330**	988	34.6 %	**1,330**	716
Handling, catering and other operating costs	**386**		**386**	387	(0.3)%	**386**	303
Landing fees and en-route charges	**301**		**301**	285	5.6 %	**301**	177
Engineering and other aircraft costs	**259**		**259**	271	(4.4)%	**259**	157
Property, IT and other costs	**241**		**241**	275	(12.4)%	**241**	184
Selling costs	**189**		**189**	176	7.4 %	**189**	105
Depreciation, amortisation and impairment	**244**		**244**	303	(19.5)%	**244**	257
Aircraft operating lease costs	**105**	(3)	**102**	103	(1.0)%	**102**	20
Currency differences	**(14)**		**(14)**	(5)	nm	**(14)**	2
Total expenditure on operations	**4,042**	10	**4,052**	3,806	6.5 %	**4,052**	2,564
Operating profit	**34**	(10)	**24**	6	300 %	**24**	50
Net non-operating income/(costs)	**120**	4	**124**	15	727 %	**124**	(52)
Profit before tax	**154**	(6)	**148**	21	605 %	**148**	(2)
Tax	**46**	23	**69**	69	0 %	**69**	64
Profit after tax	**200**	17	**217**	90	141 %	**217**	62

Operating figures	**2011 [1]**	2010[1]	Higher / (lower)
Available seat kilometres (ASK million)	**52,989**	50,332	5.3 %
Revenue passenger kilometres (RPK million)	**41,192**	39,205	5.1 %
Seat factor (per cent)	**77.7**	77.9	(0.2pts)
Passenger numbers (thousands)	**12,325**	12,275	0.4 %
Cargo tonne kilometres (CTK million)	**1,596**	1,578	1.1 %
Passenger yield per RPK	**8.29**	8.12	2.1 %
Passenger unit revenue per ASK	**6.44**	6.32	1.9 %
Cargo yield per CTK	**19.42**	19.01	2.2 %
Total cost per ASK	**7.63**	7.56	0.9 %
Fuel cost per ASK	**2.49**	1.96	27.0 %
Total cost excluding fuel per ASK	**5.14**	5.60	(8.2)%
Average employee number	**56,782**	56,243	1.0 %

[1] See page 1 for full note reference

[2] See page 1 for full note reference. Note the 2011 consolidated results for the Group above are the consolidated results including the impact of the exceptional items.

Financial review

In 2011 IAG increased its traffic (RPKs) by 7.2 per cent against a capacity increase of 7.1 per cent resulting in an increase in seat factor of 0.1 point to 79.1 per cent.

Results including Iberia from the acquisition date - January 21, 2011

The consolidated performance (comparing IAG with British Airways stand-alone last year) shows revenue up €8,214 million or 104 per cent to €16,103 million and costs up €8,188 million or 110 per cent to €15,659 million, principally as a result of:

- the inclusion of Iberia within the Group;
- the accounting period being a full year versus the comparative nine months; and
- the non-repetition of the significant disruption in 2010.

The consolidated results including Iberia from the acquisition date of January 21, 2011, show an operating profit of €444 million (2010: €418 million); a profit before tax of €542 million (2010: €201 million); and a profit after tax of €582 million (2010: €212 million).

Line by line comparatives are not meaningful due to the Iberia acquisition. Therefore, this financial review comments on the full year to December 31, 2011 of IAG excluding exceptional items compared to the combined performance of IAG for the prior year.

Full year performance of IAG versus last year

Exchange rates

Exchange rates can have a substantial impact on the performance of the Group. There are two elements to these exchange rate impacts. Firstly there are the transactional exchange rate differences that occur within each of the Group companies and ultimately reflect cash-flow impacts. Secondly there is the exchange rate impact of translating British Airways' results from its functional currency of sterling into the Group reporting currency of the euro.

The three major currencies that impact the Group and their rates for 2011 compared to 2010 are as follows:

	Full year average		**December 31 rate**	
	2011	**2010**	**2011**	**2010**
$ to €	1.39	1.33	1.31	1.32
$ to £	1.60	1.55	1.56	1.55
€ to £	1.15	1.17	1.20	1.18

As the Group has more costs in the US dollar than revenues the weakening of the dollar to the euro has resulted in an overall benefit to the operating result of the Group. The impact of transactional exchange rates across the Group for the year saw a negative impact on revenue but a larger favourable impact on costs leading to a net benefit of €132 million. This was mainly due to the weakening of the US dollar to pound sterling and our higher US dollar cost base to revenue base.

For the full year, the translation of British Airways from sterling functional currency into euro reporting currency has resulted in a €25 million adverse impact on operating profit due to a 1.3 per cent strengthening of the euro against sterling.

Therefore year over year changes in exchange rates had a €107 million favourable impact on operating profit.

Passenger revenue

Passenger revenue increased by €1,353 million or 11.0 per cent compared to the prior year. This reflected increased capacity (ASKs) up 7.1 per cent and increased traffic (RPKs) of 7.2 per cent.

The translation impact at the Group level from converting British Airways' passenger revenue from sterling to the euro reduced the Group passenger revenue by 1.3 per cent. Group passenger revenue at constant exchange rates would have been up 13.2 per cent.

Unit passenger revenue (per ASK) was up 3.6 per cent and passenger yield (per RPK) was also up 3.6 per cent. At constant exchange rates unit passenger revenue was up 5.8 per cent and passenger yield up 5.7 per cent. The focus for 2011 was on volume recovery and market growth whilst also improving unit revenues and yields.

Market growth was stronger across the North Atlantic than in continental Europe. Volume growth was also driven from both the recapture of lost activity due to the volcanic ash cloud and industrial disruption of 2010 and market increases in 2011.

Market Segments
Longhaul

North America capacity increased by 12.3 per cent, whilst traffic improved by 13.0 per cent, resulting in a small seat factor increase of 0.5 points to 81.5 per cent. We began new routes from Madrid to Los Angeles and London to San Diego for example as well as increasing frequency on a number of other routes. The Joint Business between British Airways, Iberia and American Airlines had its first full year impact this year providing increased customer choice and destinations across the North Atlantic.

Latin America and Caribbean capacity grew by 12.6 per cent and traffic by 10.8 per cent such that seat factor declined 1.3 points to 82.7 per cent. This remains the highest seat factor on the network.

Africa, Middle East and South Asia saw a moderate capacity decrease of 0.2 per cent, but traffic increased by 0.4 per cent leading to a seat factor increase of 0.4 points to 75.2 per cent.

Asia Pacific capacity grew by 11.6 per cent with some frequency increases and the London to Haneda route commencing. Traffic grew only by 7.8 per cent, which resulted in a seat factor decline of 2.8 points to 79.6 per cent.

Shorthaul
Domestic capacity decreased by 12.9 per cent and traffic was down 11.7 per cent leading to a seat factor improvement of 1.0 points to 73.7 per cent.

Europe saw capacity growth of 2.8 per cent and traffic improvement of 3.5 per cent leading to a seat factor increase of 0.4 points to 74.6 per cent. The European market has continued to be very competitive particularly in the southern Europe region. This has seen reductions in Iberia's capacity partly through moving some flights to Air Nostrum and Vueling.

Premium traffic (RPKs) increased substantially more than non-premium in the year with a positive mix impact on unit revenues and yields. However significant stage length growth (particularly at Iberia, where shorthaul capacity was substantially reduced whilst at the same time longhaul was increased) has reduced headline unit revenues and yields.

Joint Business
Offering approximately 100 daily flights with an extensive network built around the key strategic hubs of London, Madrid, New York, Miami, Dallas and Chicago the Joint Business has been a winning success with our customers. The North Atlantic Joint Business of American Airlines, British Airways and Iberia has gone from strength to strength during this first full year of operation. Revenues grew to just over $8 billion with market share growing in both the premium and non-premium segments. American Airlines filing for Chapter 11 restructuring has had no impact on the performance of the Joint Business to date.

Cargo
Cargo revenue was up €94 million or 8.6 per cent to €1,190 million for the year, reflecting volume increases (cargo tonne kilometres) of 4.2 per cent (set against an industry volume reduction of 0.7 per cent, IATA December 2011 Air Transport Market Analysis) and yield increases of 4.2 per cent.

Other revenue
Other revenue increased by €94 million or 6.8 per cent to €1,474 million for the year. The main increases were in the Maintenance, Repair and Overhaul (MRO) business with revenue growing by 11.0 per cent and airport handling which was up 7.4 per cent. Last year included a €33 million benefit for Iberia from the recovery of provisions in the wake of four Supreme Court rulings accepting Iberia's appeals and absolving the company from paying several settlements of customs duties for the period from 1998 to 2000. The 2011 full year included a benefit of €35 million in respect of a change in estimate on some elements of deferred revenue.

Exceptional items
As a result of British Airways' initial investment in Iberia, the Business combination of the Group was achieved in stages. Therefore, the Group revalued its initial investment in Iberia to fair value at the acquisition date resulting in a non-cash gain of €83 million.

In accordance with the Business combinations accounting standard, the Group cannot recycle the pre-acquisition cash flow hedge net benefits through the Income statement, resulting in fuel and aircraft operating lease costs gross of the pre-acquisition cash flow hedges. For the year this has resulted in an increase in reported fuel expense of €89 million, a decrease in reported aircraft operating lease costs of €11 million and a tax credit of €23 million.

The commentary on operating costs below is prior to the inclusion of exceptional items. For non-operating costs and results exceptional items are included.

Expenditure
Total costs excluding exceptional items were up €1,281 million or 8.8 per cent to €15,854 million. Total unit costs were up 1.6 per cent mainly as a result of increased fuel unit costs. Non fuel unit costs were down 5.6 per cent, and 4.1 per cent at constant exchange rates. Reductions in non-fuel unit costs benefited from continued cost control across the Group as well as the non-repeat of disruption in the prior year.

Employee costs rose by 2.1 per cent to €3,870 million, reflecting wage awards and increased volumes. Together these accounted for a 3.8 per cent year on year increase, but were partially offset by exchange rate benefits of 1.2 per cent and efficiencies. Average manpower for the year increased by only 0.4 per cent, when capacity in ASKs grew by 7.1 per cent resulting in productivity (ASKs per average employee) improving by 6.7 per cent. Employee unit costs were down 4.2 per cent.

Fuel costs were up €1,161 million or 29.7 per cent to €5,068 million. Fuel unit costs were up 21.4 per cent, as a result of increased commodity price, net of hedging benefits; this was partly offset by exchange rate benefits as the dollar weakened against the euro (4.7 per cent). Fuel unit costs were up 27.6 per cent at constant exchange rates.

Handling charges, catering and other operating costs were up 2.2 per cent to €1,545 million. Volume related costs increased by approximately half of the 7.1 per cent capacity increase, whilst inflation added a further 2.4 per cent. Offsetting these cost increases were benefits from exchange rates and from a number of management actions, including joint airport handling procurement and reduction of crew hotel costs under the Group synergy programme.

Landing fees and en-route charges rose by 4.1 per cent to €1,200 million, mostly as a result of increased volume related costs of 4.9 per cent, but also price increases of 4.2 per cent which outstripped inflation in many markets, particularly at London Heathrow. Exchange rate benefits and some rebates helped reduce these costs.

Engineering and other aircraft costs were up 2.2 per cent to €1,099 million, partly reflecting increased volume of flying across the Group, but also increased materials for the MRO business. Exchange rate benefits more than offset inflation increases and some synergy benefits for line maintenance have already helped reduce costs.

Property, IT and other costs were down 7.4 per cent to €918 million, mainly reflecting the non-repeat of merger costs incurred in the prior year.

Selling costs increased by 11.3 per cent to €756 million. This reflected increased volume costs due to the higher revenue which was up 10.4 per cent, and a change in accounting for certain incentive commissions previously netted off passenger revenue, now increasing costs. Investments in brand campaigns also increased costs but were offset by benefits from exchange rates.

Depreciation, amortisation and impairment was down 8.0 per cent to €979 million, reflecting non repeat of impairment charges of €42 million in 2010, exchange rate benefits and a reduction in the level of assets held such as the retirement of Boeing 757s in 2010.

Aircraft operating lease costs were flat at €403 million.

Currency differences resulted in a €16 million charge for 2011 compared to a €1 million credit in 2010.

Synergies

We have made significant progress in the delivery of both our first year synergies and the planning and commencement of the longer term changes required across the Group to deliver our five year target. During the year we raised our expected revenue and costs benefits value from €400 million to €500 million. By December 31, 2011 our synergy benefits were €134 million and costs of implementation were €60 million, resulting in Income statement benefits to date of €74 million compared to our original targets of €10 million.

Key areas already achieved include:

Revenue synergies

- Fare combinability across British Airways and Iberia's longhaul networks, customers can combine British Airways' and Iberia's fares on cross airline journeys such as London – Buenos Aires – Madrid – London;
- Codeshares in 33 destinations across Latin America, Africa and Europe and a broad programme between Europe and North America as part of the Joint Business with American Airlines;
- Cross selling through airline channels such as ba.com and Iberia.com;
- Cargo – single business with increased network, greater capacity and single strategy including increased cargo capacity on the London – Madrid air bridge;
- Cargo has introduced joint trucking deals, joint customer incentives and single commercial teams;
- Avios single currency customer loyalty programme introduced; 5.7 million active members with more ways for customers to collect and redeem points.

Cost synergies

- Sales force integration in British Airways and Iberia home markets as well as USA, South Africa, Egypt, Russia, Chile, Switzerland and Nigeria;
- A number of joint purchases have been made using the economies of scale of the Group;
- Joint crew hotel accommodation and night stop reduction at the London and Madrid hubs;
- Single management teams in a number of airports such as Orly, Los Angeles, and Luanda;
- Sharing of customer lounge facilities, as well as shared offices and ticket desks at selected airports;
- Benefits from engineering services including a joint team for third party commercial contracts, insourcing work where beneficial, and single line maintenance and inventory at certain airports;
- Restructuring of IT departments and teams to optimise resource across the Group.

Operating profit

IAG operating profit was €485 million, excluding the exceptional items, compared to a profit of €225 million for 2010.

Non-operating items

Non-operating items for the year amounts to a credit of €96 million (2010: charge of €141 million). The year over year change of €237 million principally reflects a €241 million movement in net financing mainly relating to the British Airways defined benefit pension schemes with lower interest costs on scheme liabilities, higher than expected returns on scheme assets and a significant reduction in the amortisation of actuarial losses in excess of the corridor. The step acquisition of Iberia resulted in a profit of €83 million; this was more than offset by the non-repeat of a 1.5 per cent disposal by Iberia of Amadeus IT Holding, S.A. in 2010 for a profit of €90 million.

Profit before tax

IAG profit before tax was €503 million, compared to €84 million for 2010.

Taxation

Despite a profit before tax of €503 million there was a tax credit for the year of €52 million. This credit mainly arose on deferred tax adjustments related to the adjustment on the British Airways pension fund accounting and the impact of substantively enacted lower tax rates in the UK.

Profit after tax

Profit after tax was €555 million, compared to €100 million for 2010.

Earnings per share

The basic earnings per share for the year was 31.1 €cents per share (2010 17.1 €cents) and the fully diluted earnings per share for the year was 29.7 €cents (nine months to December 31, 2010: 17.1 €cents)

Dividends

The Board has decided not to recommend the payment of a dividend.

Cash

On a combined basis, cash at December 31, 2011 was €3,735 million, down €617 million from December 31, 2010. This reflects the strong operating performance offset by the acquisition of assets through cash over debt and two significant one off payments, one in relation to the British Airways competition fines provisions of €168 million and a further €157 million payment to the British Airways pension fund as part of the 2010 agreement with the trustees. The cash and cash equivalents balance at December 31, 2011 comprised €2,190 million held by British Airways, €1,518 million held by Iberia and €27 million held by IAG.

Net debt

The net debt of the Group on a combined basis increased by €253 million in the year to €1,148 million. Adjusted gearing has fallen to 44 per cent, from 47 per cent in the prior year.

Business review

Our mission is to be the leading international airline Group. This means we will:

- win the customer through service and value across our global network;
- deliver higher returns to our shareholders through leveraging cost and revenue opportunities across the Group;
- attract and develop the best people in the industry;
- provide a platform for quality international airlines, leaders in their markets, to participate in consolidation;
- retain the distinct cultures and brands of individual airlines.

By accomplishing our mission, IAG will help to shape the future of the industry, set new standards of excellence and provide sustainability, security and growth.

Our 6 key aims...

- Leadership in our main hubs;
- Leadership across the Atlantic;
- Stronger Europe-to-Asia position in critical markets;
- Grow share of Europe-to-Africa routes;
- Stronger intra-Europe network;
- Competitive cost positions across our businesses.

Principal risks and uncertainties

The highly regulated and commercially competitive environment, together with operational complexity, leave us exposed to a number of significant risks. We remain focused on mitigating these risks at all levels in the business although many remain outside our control; for example changes in government regulation, taxes, terrorism, adverse weather, pandemics and availability of funding from the financial markets.

The Directors of the Group believe that the risks and uncertainties described below are the ones that may have the most significant impact on the long-term value of IAG. The list is not intended to be exhaustive. The Group carries out detailed risk management reviews to ensure that the risks are mitigated where possible.

Strategic

Competition

The markets in which we operate are highly competitive. We face direct competition from other airlines on our routes, as well as from indirect flights, charter services and from other modes of transport. Competitor capacity growth in excess of demand growth could materially impact our margins.

Some competitors have cost structures that are lower than ours or have other competitive advantages such as being supported by government intervention or benefiting from insolvency protection.

Fare discounting by some competitors has historically had a negative effect on our results because in some cases we are required to respond to competitors' fares to maintain passenger traffic.

Our strong global market positioning, leadership in strategic markets, alliances and diverse customer base continue to address this risk.

Consolidation and deregulation

As noted above the airline market is fiercely competitive and will need to rationalise given current market conditions. This will involve further airline failures and consolidation leading to opportunities to capture market share and expand the Group. Mergers and acquisitions amongst competitors have the potential to adversely affect our market position and revenue.

The merger between British Airways and Iberia and the Joint Business between American Airlines, British Airways and Iberia for transatlantic routes include delivery risks such as realising planned revenue and cost synergies. American Airlines have remained committed to the Joint Business through their Chapter 11 restructuring process. The delivery of synergies is inherently subject to industrial relations, revenue leakage and programme management risks. The Management Team has robust merger integration and Joint Business programmes which address these risks.

Any additional consolidation by the Group, such as bmi, adds to existing integration risks, including delivering value from the transactions. The airline industry is increasingly dependent on alliances and IAG is no exception to this. Maintaining a leading presence in **one**world and ensuring the alliance itself performs as expected by the members is key to safeguarding the network.

Some of the markets in which we operate remain regulated by governments, in some instances controlling capacity and/or restricting market entry. Relaxation of such restrictions, whilst creating growth opportunities for us, may have a negative impact on our margins.

Government intervention

Regulation of the airline industry covers many of our activities including route flying rights, airport slot access, security and environmental controls. Our ability to both comply with and influence any changes in these regulations is key to maintaining our operational and financial performance.

Plans by governments to significantly increase environmental taxes such as the UK Air Passenger Duty, the commencement of the European Union Emissions Trading scheme and the potential for other environmental taxes may have an adverse impact upon demand for air travel and/or reduce the profit margin per ticket. These taxes may also benefit our competitors by reducing the relative cost of doing business from their hubs. We continue to focus our communications and government relations activity on highlighting the increasing tax burden on the UK aviation industry.

Infrastructure constraints

IAG is dependent on and may be affected by infrastructure decisions or changes in infrastructure policy by governments, regulators or other entities, which are often outside the Group's control. London Heathrow has no spare runway capacity and has operated on the same two main runways since it opened over 60 years ago. As a result, we are vulnerable to short-term operational disruption and there is little we can do to mitigate this. We continue to promote the expansion of the airport to create cost effective extra capacity and reduce delays, enabling London Heathrow to compete more effectively against European hubs such as Paris, Amsterdam and Frankfurt.

Business and operational

Brand reputation

The Group's brands have significant commercial value. Erosion of the brands, through either a single event, or series of events, may adversely impact our leadership position with customers and ultimately affect our future revenue and profitability. The Group has committed to substantial investment in on-board product and new aircraft to maintain its market position.

Economic conditions

Our revenue is highly sensitive to economic conditions in the markets in which we operate. Deterioration in either the domestic and/or global economy may have a material impact on our financial position. Iberia is particularly exposed to the Spanish economy which grew slowly in 2011 but is widely expected to contract in 2012. The Eurozone fiscal crisis increases the risk to economic conditions and stability.

The Management Committee reviews the financial outlook of the Group through the financial planning process and regular forecasts. These reviews are used to drive the Group's financial performance through the management of capacity; the deployment of that capacity in geographic markets; together with cost control including management of capital expenditure and the reduction of operational leverage.

Employee relations

We have a large unionised workforce represented by a number of different trade unions. Collective bargaining takes place on a regular basis and breakdowns in the bargaining process disrupt operations and adversely affect business performance. Initiatives aimed at improving competitiveness, such as establishing Iberia Express, have led to strike action amongst Iberia pilots.

Failure of a critical IT system

We are dependent on IT systems for most of our principal business processes. The failure of a key system may cause significant disruption to our operation and/or lost revenue. System controls, disaster recovery and business continuity arrangements exist to mitigate the risk of a critical system failure.

Pandemic

If there is a significant outbreak of infectious disease such as swine flu, staff absence will increase which may seriously impact the operation. Key corporate clients may discourage travel, significantly impacting sales. We have comprehensive pandemic business continuity plans that were last used during the 2009 swine flu outbreak.

Landing fees and security charges

Airport, transit and landing fees and security charges or initiatives represent a significant operating cost to British Airways and Iberia and have an impact on operations. Whilst certain airport and security charges are passed on to passengers by way of surcharges, others are not.

There can be no assurance that such costs will not increase or that the Group will not incur new costs in the UK, Spain or elsewhere. There is a risk that charges and development plans agreed during the ongoing Quinquennial review significantly increase the cost of operating at our London hubs, or commit to future infrastructure investment in a way that benefits other airport users ahead of the Group's interests. British Airways is constructively engaged as a major stakeholder in the Civil Aviation Authority's Quinquennial review process.

Safety/security incident

The safety and security of our customers and employees are fundamental values for us. Failure to prevent or respond effectively to a major safety or security incident may adversely impact our operations and financial performance. Our incident centres respond in a structured way in the event of a safety or security incident.

Event causing significant network disruption

Several possible events may cause a significant network disruption. Example scenarios include a major failure of the public transport system; the complete or partial loss of the use of terminals; adverse weather conditions such as snow, fog or volcanic ash; widespread or coordinated air traffic control industrial action; war; civil unrest or terrorism. Such a disruption may result in lost revenue and additional cost. Management has robust business continuity plans to mitigate these risks to the extent feasible. These contingency plans were tested in 2010 through the Japanese earthquake and civil unrest in the Middle East and North Africa.

Financial

Debt funding

We carry substantial debt that will need to be repaid or refinanced. Our ability to finance ongoing operations, committed aircraft orders and future fleet growth plans are vulnerable to various factors including financial market conditions and financial institutions' appetite for secured aircraft financing. The Group carries substantial cash reserves and committed financing facilities to mitigate the risk of short term interruptions to the aircraft financing market.

The IAG Finance Committee regularly reviews the Group's financial position and is seeking to diversify the sources of funding utilised by the Group.

Fuel price and currency fluctuation

We used approximately 7.4 million tonnes of jet fuel in 2011. Volatility in the price of oil and petroleum products can have a material impact on our operating results. This price risk is partially hedged through the purchase of oil derivatives in forward markets which can generate a profit or a loss.

The Group is exposed to currency risk on revenue, purchases and borrowings in foreign currencies. The Group seeks to reduce foreign exchange exposures arising from transactions in various currencies through a policy of matching, as far as possible, receipts and payments in each individual currency and actively managing the surplus or shortfall through treasury hedging operations. The approach to financial risk management was reviewed in detail by the Audit and Compliance Committee during the year and approved by the Board.

The Group is exposed to non-performance to financial contracts by counterparties, for activities such as money market deposits, fuel and currency hedging. Failure of counterparties may result in financial losses.

The Group's Hedging Committee regularly reviews the Group's fuel and currency positions. The results of these reviews are discussed with management and the appropriate action taken.

Compliance and regulatory

Governance

The governance structure the IAG Group put in place at the time of the merger has a number of complex features, including nationality structures to protect British Airways' and Iberia's route and operating licenses and assurances to preserve the specific interests of those companies. Although complex the structure worked well during 2011 and synergy targets have been exceeded.

Compliance with competition, bribery and corruption law

The Group is exposed to the risk of individual employee's or groups of employees' unethical behaviour resulting in fines or losses to the Group. The Group has comprehensive policies designed to ensure compliance, together with training schemes in place to educate staff on these matters.

INTERNATIONAL CONSOLIDATED AIRLINES GROUP S.A.

Unaudited Full Year Condensed Consolidated Financial Statements
January 1, 2011 – December 31, 2011

The IAG December 31, 2011 Consolidated income statement and cash flow statement are the consolidated results of British Airways and IAG the Company for the full year to December 31, 2011 and Iberia from January 22, 2011 to December 31, 2011; the IAG December 31, 2010 comparatives are solely the statutory results of British Airways for the nine months to December 31, 2010. The IAG December 31, 2011 Balance sheet is the consolidated financial position of British Airways, IAG the Company and Iberia; the IAG December 31, 2010 Balance sheet comparative is solely British Airways**.**

CONSOLIDATED INCOME STATEMENT

€ million (unaudited)	Full year to December 31			
	Before exceptional items 2011	Exceptional items	Total 2011	Nine months to December 31, 2010
Passenger revenue	**13,496**		13,496	6,885
Cargo revenue	**1,176**		1,176	625
Other revenue	**1,431**		1,431	379
Total revenue	**16,103**		16,103	7,889
Employee costs	**3,799**		3,799	1,829
Fuel and oil costs	**4,999**	89	5,088	2,204
Handling, catering and other operating costs	**1,522**		1,522	902
Landing fees and en-route charges	**1,175**		1,175	547
Engineering and other aircraft costs	**1,074**		1,074	485
Property, IT and other costs	**903**		903	497
Selling costs	**740**		740	277
Depreciation, amortisation and impairment	**969**		969	671
Aircraft operating lease costs	**386**	(11)	375	60
Currency differences	**14**		14	(1)
Total expenditure on operations	**15,581**	78	15,659	7,471
Operating profit	**522**	(78)	444	418
Finance costs	**(220)**		(220)	(147)
Finance income	**85**		85	21
Retranslation charge on currency borrowings	**(8)**		(8)	(14)
Fuel derivative losses	**(12)**		(12)	(2)
Net charge relating to available-for-sale financial assets	**(19)**		(19)	(21)
Share of post-tax profits in associates accounted for using the equity method	**7**		7	7
(Loss)/profit on sale of property, plant and equipment and investments	**(2)**	83	81	(4)
Net financing credit/(charge) relating to pensions	**184**		184	(57)
Profit before tax	**537**	5	542	201
Tax	**17**	23	40	11
Profit after tax for the period	**554**	28	582	212
Attributable to:				
Equity holder of the parent	**534**		562	197
Non-controlling interest	**20**		20	15
	554		582	212
Basic earnings per share			31.1	17.1
Diluted earnings per share			29.7	17.1

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ million (unaudited)	**2011**	2010
Profit after tax for the period	**582**	212
Cash flow hedges:		
Fair value movements in equity	**(106)**	79
Reclassified and reported in net profit	**54**	20
Changes in the fair value of available-for-sale financial assets	**(66)**	-
Share of other movements in reserves of associates	**-**	57
Exchange gains	**48**	20
Total comprehensive income net of tax	**512**	388
Total comprehensive income is attributable to:		
Equity holders of the parent	**492**	373
Non-controlling interest	**20**	15
	512	388

Items in the consolidated Statement of comprehensive income above are disclosed net of tax

CONSOLIDATED BALANCE SHEET

€ million (unaudited)	**December 31, 2011**	December 31, 2010
Non-current assets		
Property, plant and equipment	**9,584**	8,080
Intangible assets	**1,724**	336
Investments in associates	**165**	287
Available-for-sale financial assets	**466**	77
Employee benefit assets	**1,317**	676
Derivative financial instruments	**37**	22
Deferred tax assets	**497**	-
Other non-current assets	**71**	48
	13,861	9,526
Current assets		
Non-current assets held for sale	**18**	39
Inventories	**400**	115
Trade receivables	**1,175**	453
Other current assets	**445**	306
Derivative financial instruments	**119**	156
Other current interest-bearing deposits	**1,758**	1,381
Cash and cash equivalents	**1,977**	917
	5,892	3,367
Total assets	**19,753**	12,893
Shareholders' equity		
Issued share capital	**928**	-
Share premium	**5,280**	-
Investment in own shares	**(17)**	(4)
Other reserves	**(805)**	2,529
Total shareholders' equity	**5,386**	2,525
Non-controlling interest	**300**	300
Total equity	**5,686**	2,825
Non-current liabilities		
Interest-bearing long-term borrowings	**4,304**	4,114
Employee benefit obligations	**277**	258
Deferred tax liability	**1,274**	928
Provisions for liabilities and charges	**1,244**	194
Derivative financial instruments	**55**	4
Other long-term liabilities	**384**	362
	7,538	5,860
Current liabilities		
Current portion of long-term borrowings	**579**	538
Trade and other payables	**5,377**	3,314
Derivative financial instruments	**64**	11
Current tax payable	**157**	12
Provisions for liabilities and charges	**352**	333
	6,529	4,208
Total liabilities	**14,067**	10,068
Total equity and liabilities	**19,753**	12,893

CONSOLIDATED CASH FLOW STATEMENT

€ million (unaudited)	**Full year to December 31, 2011**	Nine months to December 31, 2010
Cash flows from operating activities		
Operating profit	**444**	418
Depreciation, amortisation and impairment	**969**	671
Movement in working capital	**(115)**	(47)
Settlement of competition investigation	**(168)**	(3)
Cash payments to pension scheme	**(157)**	-
Other non-cash movements	**(12)**	-
Interest paid	**(186)**	(103)
Taxation	**(5)**	-
Net cash flows from operating activities	**770**	936
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	**(1,071)**	(641)
Sale of property, plant and equipment	**65**	50
Cash acquired on business combination	**689**	-
Interest received	**78**	20
Decrease/(increase) in other current interest-bearing deposits	**843**	(302)
Acquisition of own shares	**(18)**	-
Dividends received	**10**	-
Other investing movements	**5**	(7)
Net cash flows from investing activities	**601**	(880)
Cash flows from financing activities		
Proceeds from long-term borrowings	**304**	436
Repayment of borrowings	**(312)**	(118)
Repayment of finance leases	**(341)**	(414)
Distributions made to holders of perpetual securities	**(20)**	(15)
Net cash flows from financing activities	**(369)**	(111)
Net increase/(decrease) in cash and cash equivalents	**1,002**	(55)
Net foreign exchange differences	**58**	88
Cash and cash equivalents at 1 January	**917**	884
Cash and cash equivalents at period end[(1)]	**1,977**	917
Interest bearing deposits maturing after more than three months	**1,758**	1,381
Cash, cash equivalents and other interest bearing deposits	**3,735**	2,298

[(1)] Restricted cash of €79 million (December 2010: €nil) consists of cash deposited by British Airways in a bank account, which is not available for general use by the Group. The cash deposited will be used to satisfy the terms of a funding agreement with trustees of the British Airways defined benefit pension scheme with the balance returned to the Group. The final amount required to settle the agreement with the pension trustees is subject to uncertainty but will not be in excess of €79 million.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the full year to December 31, 2011

€ million (unaudited)	Issued share capital	Share premium	Investment in own shares	Other reserves[1]	Total shareholder equity	Non-controlling interest	Total equity
At January 1, 2011	-	-	(4)	2,529	**2,525**	300	**2,825**
Total comprehensive income for the year (net of tax)	-	-	-	492	**492**	20	**512**
Shares issued during the year	928	5,280	(14)	(3,839)	**2,355**	-	**2,355**
Cost of share-based payments	-	-	-	18	**18**	-	**18**
Exercise of share options	-	-	1	(5)	**(4)**	-	**(4)**
Distributions made to holders of perpetual securities	-	-	-	-	**-**	(20)	**(20)**
At December 31, 2011	**928**	**5,280**	**(17)**	**(805)**	**5,386**	**300**	**5,686**

[1] Closing balance includes retained earnings of €1,662 million.

For the nine months to December 31, 2010

	Issued share capital	Share premium	Investment in own shares	Other reserves[1]	Total shareholder equity	Non-controlling interest	Total equity
At April 1, 2010	-	-	(5)	2,150	2,145	300	2,445
Total comprehensive income for the period (net of tax)	-	-	-	373	373	15	388
Cost of share-based payments	-	-	-	7	7	-	7
Exercise of share options	-	-	1	(1)	-	-	-
Distributions made to holders of perpetual securities	-	-	-	-	-	(15)	(15)
At December 31, 2010[2]	-	-	(4)	2,529	2,525	300	2,825

[1] Closing balance includes retained earnings of €1,087 million.

[2] The Issued share capital and Share premium at April 1, 2010 have been retrospectively adjusted as a result of the merger (note 3) to represent the share capital and share premium of the Company. The remaining reserves balances relate to British Airways and the Company. The Issued share capital at April 1, 2010 was €15,000.

NOTES TO THE ACCOUNTS (unaudited)
For the full year to December 31, 2011

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

On January 21, 2011 British Airways Plc and Iberia Líneas Aéreas de España S.A. (hereinafter 'British Airways' and 'Iberia' respectively) completed a merger transaction of the two companies to create a new leading European airline group. As a result of the merger, International Consolidated Airlines Group S.A. (hereinafter 'International Airlines Group', 'IAG' or the 'Group') was formed to hold the interests of both the existing airline groups. IAG is a Spanish company registered in Madrid and was incorporated on April 8, 2010.

IAG shares are traded on the London Stock Exchange's main market for listed securities and also on the stock exchanges of Madrid, Barcelona, Bilbao and Valencia (the 'Spanish Stock Exchanges'), through the Spanish Stock Exchanges Interconnection System (Mercado Continuo Español).

The Group's summary condensed consolidated financial statements for the full year to December 31, 2011 were prepared in accordance with IAS 34 and authorised for issue by the Board of Directors on February 28, 2012. The condensed financial statements herein are not the Company's statutory accounts and are unaudited. IAG's prior period comparative for the condensed financial statements are the published financial statements of British Airways for the nine months to December 31, 2010, which have been translated into euros.

The basis of preparation and accounting policies set out in the British Airways Report and Accounts for the nine months ended December 31, 2010 have been applied in the preparation of these summary consolidated financial statements. British Airways' financial statements for nine months ended December 31, 2010 have been filed with the Registrar of Companies in England and Wales, and are in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and with those of the Standing Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the International Accounting Standards Board (IASB).

As a result of the business combination, the Group has enhanced the description of its accounting policy on Exceptional items.

On December 22, 2011, British Airways entered into a binding agreement with Deutsche Lufthansa AG (Lufthansa) for the acquisition of the shares of British Midland Limited (bmi) for consideration of €207 million (£172.5 million). Under the agreement €72 million (£60 million) of the purchase price will be paid in four instalments to Lufthansa pre-completion. At December 31, 2011 one instalment of €18 million (£15 million) has been paid, with the remaining three instalments totalling €54 million (£45 million) disclosed within capital commitments. The acquisition is expected to complete during the first quarter of 2012, subject to regulatory clearance from the European Commission and other bodies. Under the terms of the agreement British Airways is liable to pay a termination fee of €12 million (£10 million) if phase one EU regulatory approval is not achieved by March 31, 2012, and if either party elects to terminate the agreement.

2. ACCOUNTING POLICIES

The accounting policies and methods of calculation adopted are consistent with those of the annual financial statements for the period ended December 31, 2010, as described in the financial statements of British Airways, except as discussed below.

Change in presentation currency
A change in presentation currency is a change in accounting policy which is accounted for retrospectively. As the Group's presentation currency is euros, the comparative results included in the Group's consolidated financial statements previously reported in pounds sterling have been translated into euros using the procedures outlined below:

- assets and liabilities are translated from their functional currency into the new presentation currency at the beginning of the comparative period using the opening exchange rate and retranslated at the closing rate;
- income statement items are translated at an average rate for the period;
- equity items are translated at either the historical rate or the closing rate, with the balancing amount being reported in currency translation reserve.

The Group has adopted the following standards, interpretations and amendments from January 1, 2011:

IFRS 3 (Amendment), 'Business Combinations'. The amendment clarifies guidance on the choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets, which applies only to instruments that present ownership interest and entitle their holders to a proportionate share of the net assets in the event of liquidation. This is not currently applicable to the Group.

IFRS 7 (Amendment) 'Financial Instruments: Disclosures'. The amendment includes multiple clarifications related to the disclosure of financial instruments. The standard requires a change in the presentation of the Group's notes to the financial statements but has no impact on reported profits.

IAS 1 (Amendment) 'Presentation of Financial Statements'. The amendment permits, for each component of equity, the presentation of the analysis by item to be included in either the statement of changes in equity or the notes to the financial statements. The standard requires a change in the format and presentation of the Group's primary statements but has no impact on reported profits or equity.

IAS 34 (Amendment) 'Interim Financial Reporting'. The amendment clarifies guidance on the disclosure principals involving significant events and transactions, including changes to fair value measurements, and the requirement to update relevant information from the most recent annual report. This standard represents a change in disclosure does not impact the financial statements for the year to December 31, 2011.

2. ACCOUNTING POLICIES continued

IAS 24 (Amendment) 'Related Party Transactions'. The amendment clarifies the definition of related party relationships, with particular emphasis on party relationships with persons and key management personnel. The amendment also permits that entities may be exempt from related party disclosure requirements for transactions with a government, where those entities are controlled, jointly controlled, or significantly influenced by that same government. The new definition of a related party does not impact the Group's disclosures.

IAS 32 (Amendment) 'Financial Instruments: Presentation'. The amendment permits that rights issues and certain options or warrants may be classified as equity instruments, provided that the rights are given pro rata to all existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The standard does not impact the Group's classification of equity instruments.

IFRIC 14 (Amendment) 'Prepayments of a Minimum Funding Requirement'. The amendment permits a prepayment of future service cost by the entity to be recognised as a pension asset, where the Group is not subject to minimum funding requirements. The standard does not affect the financial position of the Group.

Other amendments resulting from Improvements to IFRSs to standards did not have any impact on the accounting policies, financial position or performance of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

Exceptional Items

Exceptional items are those that in management's view need to be separately disclosed by virtue of their size and incidence. The Exceptional items column in the Income statement relates primarily to the impact of business combination transactions that do not contribute to the on-going operating results of the Group.

Business combination transactions include cash items such as the costs incurred to effect the transaction and non-cash items such as accounting gains or losses recognised through the Income statement.

3. BUSINESS COMBINATIONS

Under the terms of the merger, British Airways ordinary shareholders received one new ordinary share of IAG for every existing British Airways ordinary share and Iberia shareholders received 1.0205 new ordinary shares for every existing Iberia ordinary share. Upon completion of the transaction, British Airways' shareholders held 56 per cent of IAG and Iberia's shareholders 44 per cent.

Prior to January 21, 2011 British Airways owned 13.15 per cent of the issued share capital of Iberia (13.55 per cent after cancellation of Iberia treasury shares) and Iberia owned 9.98 per cent of the issued share capital of British Airways. Subsequent to the merger, the cross holdings between British Airways and Iberia were maintained or recreated with the same economic and voting rights.

For the purposes of accounting British Airways is deemed to be the acquirer of Iberia. IAG's value was determined based on British Airways' fair value, calculated from British Airways quoted market price at the close of business on January 20, 2011 of €3.346 (or £2.825) for its 1,154 million outstanding ordinary shares. The purchase price of Iberia was calculated based on the agreed merger ratios and IAG's value on the transaction date.

The Group is expecting to generate annual synergies of approximately €500 million by the end of its fifth year and benefit shareholders, customers and employees. IAG will combine the two companies' leading positions in the UK and Spain and enhance their strong presence in international longhaul markets, while retaining the individual brands and operations of both airlines.

€ million	**January 21, 2011**
IAG value	
British Airways fair value	3,862
Iberia stake in British Airways	(385)
	3,477
British Airways' shareholders ownership in IAG (per cent)	56
IAG value	6,209
Purchase price	
IAG value	6,209
Iberia's shareholders ownership in IAG (per cent)	44
	2,732
British Airways stake in Iberia	370
Purchase price	3,102

3. BUSINESS COMBINATIONS continued

On January 21, 2011 the assets and liabilities arising from the acquisition are as follows:

€ million	Acquiree's carrying amount	Fair value
Property, plant and equipment	1,264	1,385
Intangible assets		
Goodwill	-	249
Brand	-	306
Loyalty programmes	-	253
Landing rights	-	430
Other	45	88
Investments in associates	157	157
Other non-current assets	1,254	1,263
Cash and cash equivalents	689	689
Other current interest-bearing deposits	1,175	1,175
Trade and other receivables[1]	568	568
Inventories	215	215
Other current assets	201	201
Interest bearing long-term borrowings	(462)	(462)
Trade and other payables	(1,549)	(1,549)
Other current liabilities	(184)	(184)
Non-current provisions	(1,203)	(1,265)
Deferred tax liability	(191)	(537)
Other non-current liabilities	(265)	(265)
Net identifiable assets acquired	1,714	2,717

[1] The gross contractual amount for trade receivables was €603 million, 94 per cent of which is expected to be collected.

Goodwill recognised on the acquisition of Iberia reflects the excess value of the transaction that cannot be attributed to the assets and liabilities. This goodwill reflects the synergies that are expected to be achieved through the business combination. The goodwill has been allocated to the cash generating unit of Iberia and is not tax deductible.

Brand, loyalty programmes and landing rights have been assessed as assets with indefinite life which will be tested annually for impairment.

Transaction costs of €58 million were recognised in the Income statement for the nine months to December 31, 2010 within Property, IT and other costs. No material costs arose in the full year to December 31, 2011.

Iberia contributed revenues of €4,620 million and operating losses of €61 million to the consolidated Group results. Had Iberia been consolidated from January 1, 2011, the Group would have reported total revenue of €16,339 million and operating profit of €407 million.

4. EXCEPTIONAL ITEMS

Step acquisition

As a result of British Airways' initial investment in Iberia, the Business combination of the Group was achieved in stages. Therefore, the Group revalued its initial investment in Iberia to fair value at the acquisition date resulting in a non-cash gain of €83 million recognised within Exceptional items in the consolidated Income statement.

Derivatives and financial instruments

On January 21, 2011, Iberia had a portfolio of cash flow hedges with a net mark-to-market benefit of €78 million recorded within Other reserves on the Balance sheet. As these cash flow hedge positions unwind, Iberia will recycle the benefit from Other reserves through its Income statement.

The Group does not recognise the pre-acquisition cash flow hedge net benefits within Other reserves on the Balance sheet, resulting in fuel and aircraft operating lease costs being gross of the pre-acquisition cash flow hedge benefits. For the full year to December 31, 2011, this has resulted in an increase in reported fuel expense of €89 million, a decrease in reported aircraft operating lease costs of €11 million and a related €23 million tax credit.

The Group recognised the impact of the pre-acquisition cash flow hedges within the Exceptional items column in the Income statement.

5. SEASONALITY

The Group's business is highly seasonal with demand strongest during the summer months. Accordingly higher revenues and operating profits are usually expected in the latter six months of the financial year than in the first six months.

6. SEGMENT INFORMATION

a. Business segments

British Airways and Iberia are managed as individual operating companies. Each company operates its network passenger and cargo operations as a single business unit. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the IAG Management Committee. The IAG Management Committee makes resource allocation decisions based on network profitability, primarily by reference to the markets in which the operating companies serve. The objective in making resource allocation decisions is to optimise consolidated financial results. Therefore, based on the way the Group treats the network passenger and cargo operations, and the manner in which resource allocation decisions are made, the Group has two (2010: one) reportable operating segments for financial reporting purposes, reported as British Airways and Iberia.

For the full year to December 31, 2011 and the nine months to December 31, 2010:

	2011				2010
€ million	British Airways	Iberia	Unallocated	**Total**	Total
Revenue					
External revenue	11,483	4,620	-	**16,103**	7,889
Inter-segment revenue	9	16	36	**61**	-
Segment revenue	11,492	4,636	36	**16,164**	7,889
Depreciation, amortisation and impairment	(786)	(169)	(14)	**(969)**	(671)
Operating profit/(loss)[1]	**592**	**(61)**	**(87)**	**444**	418
Net non-operating income/(costs)				**98**	(217)
Profit before tax				**542**	201

[1] The 'Unallocated' segment includes an exceptional charge of €78 million (note 4).

b. Geographical analysis

Revenue by area of original sale

€ million	**Full year to December 31, 2011**	Nine months to December 31, 2010
UK	5,124	3,474
Spain	2,168	93
USA	2,247	1,575
Rest of world	6,564	2,747
	16,103	7,889

6. SEGMENT INFORMATION continued

b. Geographical analysis continued

Assets by area

€ million	Property, plant and equipment	Intangible assets
As at December 31, 2011		
UK	8,090	377
Spain	1,407	1,310
USA	77	4
Unallocated	10	33
Total	**9,584**	**1,724**
As at December 31, 2010		
UK	7,976	299
Spain	-	-
USA	91	3
Unallocated	13	34
Total	8,080	336

7. FINANCE COSTS AND INCOME

€ million	**Full year to December 31, 2011**	Nine months to December 31, 2010
Finance costs		
Interest payable on bank and other loans, finance charges payable under finance leases and hire purchase contracts	**(198)**	(135)
Unwinding of discount on provisions	**(41)**	(14)
Capitalised interest on progress payments	**2**	1
Change in fair value of cross currency swaps	**1**	1
Currency charges on financial fixed assets	**16**	-
Total finance costs	**(220)**	(147)
Finance income		
Interest on other interest bearing deposits	**85**	21
Total finance income	**85**	21
Net credit/(charge) relating to pensions		
Net financing income relating to pensions	**72**	3
Amortisation of actuarial losses in excess of the corridor	**(30)**	(73)
Immediate recognition of net actuarial gains on Airways Pension Scheme	**-**	99
Effect of APS asset ceiling	**142**	(86)
Net financing credit/(charge) relating to pensions	**184**	(57)

8. TAX

The tax credit for the full year to December 31, 2011 is €40 million (nine months to December 31, 2010: €11 million). Revised UK Corporation tax legislation was substantively enacted by March 31, 2011 reducing the main rate of corporation tax from 28 per cent to 26 per cent from April 1, 2011, and reducing the rate by an additional 1 per cent per annum to 25 per cent by April 1, 2012. The reduction in the corporation tax rate reduces the deferred tax liability provided at December 31, 2011 by €78 million.

Excluding the one-off adjustment arising from the reduction in the corporation tax rate (€83 million through the Income statement), the effect of pension accounting of €70 million and the tax impact of accounting for the Business combination of €22 million, the effective tax rate for the full year to December 31, 2011 was 25 per cent.

9. EARNINGS PER SHARE

Basic earnings per share for the full year to December 31, 2011 are calculated on a weighted average of 1,808,076,584 ordinary shares and adjusted for shares held for the purposes of Employee Share Ownership Plans. Diluted earnings per share for the full year to December 31, 2011 are calculated on a weighted average of 2,005,229,168 ordinary shares.

The number of shares in issue at December 31, 2011 was 1,855,369,557 ordinary shares of €0.50 each.

10. DIVIDENDS

The Directors declare that no dividend be paid for the full year to December 31, 2011 (nine months to December 31, 2010: €nil).

11. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

€ million	**Property, plant and equipment**	**Intangible assets**
Net book value as at January 1, 2011	8,080	336
Additions	952	97
Acquired through business combination	1,385	1,326
Disposals	(37)	-
Reclassifications	(14)	-
Depreciation, amortisation and impairment	(926)	(43)
Exchange movements	144	8
Net book value as at December 31, 2011	**9,584**	**1,724**
Net book value as at April 1, 2010	7,767	303
Additions	663	41
Disposals	(2)	-
Reclassifications	(52)	-
Depreciation, amortisation and impairment	(651)	(20)
Exchange movements	355	12
Net book value as at December 31, 2010	8,080	336

Capital expenditure authorised and contracted for but not provided for in the accounts amounts to €5,359 million for the Group commitments (December 31, 2010: €4,831 million). The majority of capital expenditure commitments are denominated in US dollars and are subject to the impact in exchange rates.

12. NON-CURRENT ASSETS HELD FOR SALE

The non-current assets held for sale of €18 million (December 31, 2010: €39 million) comprise three Boeing 757 aircraft (December 31, 2010: six Boeing 757 aircraft). These aircraft are presented within the British Airways operating segment and will exit the business within 12 months of December 31, 2011.

Non-current assets held for sale with a net book value of €35 million were disposed of by the Group during the full year to December 31, 2011 (nine months to December 31, 2010: €52 million), resulting in a loss of €7 million (nine months to December 31, 2010: €4 million).

13. FINANCIAL INSTRUMENTS BY CATEGORY

The detail of the Group's financial instruments as at December 31, 2011 and December 31, 2010 by nature and classification for measurement purposes is as follows:

As at December 31, 2011	Financial assets						
€ million	Loans and receivables	Financial assets at FV through P&L	Derivatives used for hedging	Available-for-sale	Financial assets held to maturity	Non-financial assets	**Total carrying amount by balance sheet item**
Non-current financial assets							
Available-for-sale financial assets	-	-	-	466	-	-	**466**
Derivative financial instruments	-	-	37	-	-	-	**37**
Other non-current assets	42	-	-	-	8	21	**71**
Current financial assets							
Trade receivables	1,175	-	-	-	-	-	**1,175**
Other current assets	203	-	-	-	-	242	**445**
Derivative financial instruments	-	-	119	-	-	-	**119**
Other current interest-bearing deposits	1,507	-	-	-	251	-	**1,758**
Cash and cash equivalents	1,977	-	-	-	-	-	**1,977**

13. FINANCIAL INSTRUMENTS BY CATEGORY continued

As at December 31, 2011

	Financial liabilities				
€ million	Loans and payables	Liabilities at FV through the P&L	Derivatives used for hedging	Non-financial liabilities	**Total carrying amount by balance sheet item**
Non-current financial liabilities					
Interest-bearing long term borrowings	4,304	-	-	-	**4,304**
Derivative financial instruments	-	-	55	-	**55**
Other long-term liabilities	11	-	-	373	**384**
Current financial liabilities					
Current portion of long-term borrowings	579	-	-	-	**579**
Trade and other payables	3,116	-	-	2,261	**5,377**
Derivative financial instruments	-	-	64	-	**64**

As at December 31, 2010

	Financial assets						
€ million	Loans and receivables	Financial assets at FV through P&L	Derivatives used for hedging	Available-for-sale	Financial assets held to maturity	Non-financial assets	**Total carrying amount by balance sheet item**
Non-current financial assets							
Available-for-sale financial assets	-	-	-	77	-	-	77
Derivative financial instruments	-	-	22	-	-	-	22
Other non-current assets	-	-	-	-	-	48	48
Current financial assets							
Trade receivables	453	-	-	-	-	-	453
Other current assets	131	-	-	-	-	175	306
Derivative financial instruments	-	-	156	-	-	-	156
Other current interest-bearing deposits	1,381	-	-	-	-	-	1,381
Cash and cash equivalents	917	-	-	-	-	-	917

	Financial liabilities				
€ million	Loans and payables	Liabilities at FV through the P&L	Derivatives used for hedging	Non-financial liabilities	Total carrying amount by balance sheet item
Non-current financial liabilities					
Interest-bearing long term borrowings	4,114	-	-	-	4,114
Derivative financial instruments	-	-	4	-	4
Other long-term liabilities	13	-	-	349	362
Current financial liabilities					
Current portion of long-term borrowings	538	-	-	-	538
Trade and other payables	1,781	-	-	1,533	3,314
Derivative financial instruments	-	-	11	-	11

14. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

€ million	**Full year to December 31, 2011**	Nine months to December 31, 2010
Increase/(decrease) in cash and cash equivalents during the period	**371**	(58)
Net funds acquired through business combination	**1,402**	-
Net cash outflow from repayments of debt and lease financing	**653**	532
(Decrease)/increase in other current interest-bearing deposits	**(843)**	302
New loans and finance leases taken out and hire purchase arrangements made	**(304)**	(436)
Decrease in net debt resulting from cash flow	**1,279**	340
Exchange movements and other non-cash movements	**(73)**	(121)
Decrease in net debt during the period	**1,206**	219
Net debt at beginning of period	**(2,354)**	(2,573)
Net debt at December 31	**(1,148)**	(2,354)

Net debt comprises the current and non-current portions of long-term borrowings less cash and cash equivalents and other current interest-bearing deposits.

15. BORROWINGS

€ million	**December 31, 2011**	December 31, 2010
Current		
Bank and other loans	**247**	209
Finance leases	**317**	255
Hire purchase arrangements	**15**	74
	579	538
Non-current		
Bank and other loans	**1,625**	1,688
Finance leases	**2,673**	2,405
Hire purchase arrangements	**6**	21
	4,304	4,114

In August 2009, British Airways issued a £350 million fixed rate 5.8 per cent convertible bond, convertible into ordinary shares at the option of the holder, before or on maturity in August 2014. Under the terms of the merger, the bondholders are now eligible to convert their bonds into ordinary shares of IAG. Conversion into ordinary shares will occur at rate of £1.89 per share. The equity portion of the convertible bond issue is included in Other reserves. In January, 476,190 options were exercised at an exercise price of £1.89 per share with an aggregate principal balance of £900,000. As at December 31, 2011 184,708,995 (December 31, 2010: 185,185,185) options were outstanding.

16. SHARE BASED PAYMENTS

During the year 11,878,197 conditional shares were awarded, under the Group's Performance Share Plan (PSP) to key senior executives and selected members of the wider management team. No payment is due upon the vesting of the shares. The fair value of equity-settled share-based payment plans is either estimated as at the date of the award using the Monte-Carlo model, taking into account the terms and conditions upon which the options were awarded, or based on the share price at the date of grant, dependent on the performance criteria attached. The following are the weighted average inputs to the model for the PSP share-based payment plans granted in the year:

Weighted average fair value (£): 1.11
Expected share price volatility (per cent): 50
Expected life of options (years): 3
Weighted average share price at date of grant (£): 1.97

The Group also made awards under the Group's Incentive Award Deferral Plan during the year under which 927,696 conditional shares were awarded.

17. EMPLOYEE BENEFIT OBLIGATIONS

The Group operates two funded principal defined benefit pension schemes in the UK, the Airways Pension Scheme (APS) and the New Airways Pension Scheme (NAPS), both of which are closed to new members. The results of the accounting valuation at December 31, 2011 are summarised below:

	APS		NAPS	
€ million	**December 31, 2011**	December 31, 2010	**December 31, 2011**	December 31, 2010
Fair value of scheme assets	**8,285**	7,516	**10,895**	10,161
Present value of scheme liabilities	**(7,232)**	(6,890)	**(11,972)**	(11,340)
Net pension asset/(liability)	**1,053**	626	**(1,077)**	(1,179)
Net pension asset/(liability) represented by:				
Net pension asset recognised	**700**	426	**608**	240
Restriction on APS surplus due to the asset ceiling	**-**	145	**-**	-
Cumulative actuarial gains/(losses) not recognised	**353**	55	**(1,685)**	(1,419)
Net pension asset/(liability)	**1,053**	626	**(1,077)**	(1,179)

At December 31, 2011 both APS and NAPS were recognised on the Balance sheet as employee benefit assets, representing €1,308 million of the €1,317 million disclosed (2010: €666 million of €676 million). The €277 million employee benefit obligations at December 31, 2011 relates to other schemes (2010: €258 million).

	APS		NAPS	
€ million	**December 31, 2011**	December 31, 2010	**December 31, 2011**	December 31, 2010
Per cent per annum:				
Inflation (CPI)	2.15	2.9	2.25	3.0
Inflation (RPI)	2.9	3.4	3.0	3.5
Salary increases (as RPI)	2.9	3.4	3.0	3.5
Discount rate	4.7	5.5	5.0	5.5

18. PROVISIONS FOR LIABILITIES AND CHARGES

€ million	Employee leaving indemnities and other employee related provisions	Legal claims provisions	Restoration and handback provisions	Other provisions	**Total**
Net book value January 1, 2011	36	309	135	47	**527**
Provisions recorded during the year	73	46	81	35	**235**
Acquired through business combination	956	78	166	65	**1,265**
Utilised during the year	(130)	(179)	(22)	(35)	**(366)**
Release of unused amounts	(43)	(7)	(41)	(13)	**(104)**
Unwinding of discount	23	9	8	1	**41**
Exchange differences	1	(3)	2	(2)	**(2)**
Net book value at December 31, 2011	**916**	**253**	**329**	**98**	**1,596**
Analysis:					
Current	137	114	74	27	352
Non-current	779	139	255	71	1,244

19. CONTINGENT LIABILITIES

There were contingent liabilities at December 31, 2011 in respect of guarantees and indemnities entered into as part of the ordinary course of the Group's business. No material losses are likely to arise from such contingent liabilities. A number of other lawsuits and regulatory proceedings are pending, the outcome of which in the aggregate is not expected to have a material effect on the Group's financial position or results of operations.

The Group has guaranteed certain liabilities and commitments, which at December 31, 2011 amounted to €411 million (2010: €460 million).

20. RELATED PARTY TRANSACTIONS

Following the merger on January 21, 2011 the Group held the interests of both British Airways and Iberia. IAG is the ultimate controlling party of its subsidiaries British Airways and Iberia.

All amounts disclosed for 2010 include transactions between British Airways and Iberia, as before the merger both companies were classified as associates of one another. As a result of the merger both British Airways and Iberia are now classified as subsidiaries of the Group, and all subsequent transactions between the two companies have been eliminated on consolidation.

The Group had the following transactions in the ordinary course of business with related parties for the financial periods ended December 31.

Sales and purchases of goods and services:

€ million	**Full year to December 31, 2011**	Nine months to December 31, 2010
Sales of goods and services		
Sales to associates	**163**	44
Sales to significant shareholders	**5**	-
Purchases of goods and services		
Purchases from associates	**66**	49
Purchases from significant shareholders	**21**	-

Period end balances arising from sales and purchases of goods and services:

€ million	**December 31, 2011**	December 31, 2010
Receivables from related parties		
Amounts owed by associates	**24**	1
Amounts owed by significant shareholders	**282**	-
Payables to related parties		
Amounts owed to associates	**19**	8
Amounts owed to significant shareholders	-	-

For the full year ended December 31, 2011, the Group had not made any provisions for doubtful debts relating to amounts owed by related parties (nine months to December 31, 2010: €nil).

21. DIRECTORS AND OFFICERS REMUNERATION

No loans or credit transactions were outstanding with Directors or officers of the Group at December 31, 2011 (2010: €nil) that require disclosure in accordance with the requirements of Article 260 of Ley de Sociedades de Capital.

Compensation received by the Group's key management personnel, which included the Board of Directors and Management Committee in 2011 and 2010 is as follows:

€ million	**Full year to December 31, 2011**	Nine months to December 31, 2010
Salaries and other short term-benefits	**9**	6
Share based payments	**1**	2
	10	8

The Company provides life insurance for all members of the Board and Management Committee. For the year to December 31, 2011 the Company paid contributions of €13,000. At December 31, 2011 the total transfer value of accrued pensions covered under defined benefit pension schemes totalled €4 million (2010: €11 million).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

LIABILITY STATEMENT OF COMPANY DIRECTORS FOR THE PURPOSES ENVISAGED UNDER ARTICLE 11.1.b OF SPANISH ROYAL DECREE 1362/2007 OF 19 OCTOBER (REAL DECRETO 1362/2007).

At a meeting held on February 28, 2012, the Directors of International Consolidated Airlines Group, S.A. confirmed that to the best of their knowledge the Consolidated Condensed Financial Statements for the year to December 31, 2011 were prepared in accordance with IAS 34 as adopted by the European Union, offer a true and fair view of the assets, liabilities, financial situation and the results of International Consolidated Airlines Group, S.A. and of the companies that fall within the consolidated group taken as a whole, and the Consolidated Condensed Managements' Report includes an accurate analysis of the required information also in accordance with the Financial Services Authority's DTR 4.2.7R and DTR4.2.8R including an indication of important events in the period, a description of the principle risks and material related party transactions.

February 28, 2012

Mr Antonio Vázquez Romero
Chairman of the Board of Directors

Mr. William Walsh
Chief Executive Officer

Sir Martin Broughton
Deputy Chairman of the Board of Directors

Mr. César Alierta Izuel

Mr. Patrick Cescau

Baroness Kingsmill

Mr. James Lawrence

Mr. José Manuel Fernández Norniella

Mr. José Pedro Pérez-Llorca

Mr. Kieran Poynter

Mr. Rodrigo de Rato y Figaredo

Mr. Rafael Sánchez-Lozano Turmo

Mr. John Snow

Mr. Keith Williams

AIRCRAFT FLEET

Number in service with Group companies

	On balance sheet fixed assets	Off balance sheet operating leases	**Total December 31, 2011**	Total December 31, 2010	Changes since December 31, 2010	Future deliveries	Options
Airline operations							
Airbus A318	2	-	**2**	2	-	-	-
Airbus A319	31	21	**52**	56	(4)	2	-
Airbus A320	34	36	**70**	75	(5)	28	31
Airbus A321	15	15	**30**	30	-	-	-
Airbus A330	-	-	-	-	-	8	8
Airbus A340-300	7	11	**18**	18	-	-	-
Airbus A340-600	2	15	**17**	17	-	-	-
Airbus A380	-	-	-	-	-	12	7
Boeing 737-400	19	-	**19**	19	-	-	-
Boeing 747-400	52	-	**52**	50	2	-	-
Boeing 757-200	1	2	**3**	4	(1)	-	-
Boeing 767-300	21	-	**21**	21	-	-	-
Boeing 777-200	41	5	**46**	46	-	-	-
Boeing 777-300	4	1	**5**	3	2	3	2
Boeing 787	-	-	-	-	-	24	28
Embraer E170	6	-	**6**	6	-	-	-
Embraer E190	7	-	**7**	5	2	-	16
Group total	**242**	**106**	**348**	**352**	**(4)**	**77**	**92**

As well as those aircraft in service the Group also holds 30 aircraft (2010: 39) which are not in service, which includes 5 sub-leased aircraft (2010: 6) and 3 aircraft held for sale (2010: 16).