

MEDIA RELEASE

REX ANNOUNCES FY2011 FULL YEAR RESULTS

Regional Express Holdings (Rex) today released its full year results with Group Profit Before Tax (PBT) declining some 8% to \$24.1M and a steeper decline in Profit After Tax of 28.5% due to the discontinuation of tax incentives set in place the prior FY.

Rex Executive Chairman Lim Kim Hai said that the FY under review continued to be extremely challenging with fuel prices spiralling out of control. The situation was further compounded by several climatic catastrophes ranging from cyclones and floods to volcanic ash which saw an unprecedented voluntary shutdown of large areas of airspace over several days in Rex's network in South Australia, Victoria, Tasmania and New South Wales.

Mr Lim said, "In spite of these sobering results, I am actually more optimistic and confident of the outlook and potential of the Rex Group than I have ever been for the past nine years. The deep restructuring of Rex's subsidiary Pel-Air, which started two years ago, is now almost complete. In these two years we saw Pel-Air's PBT dry up from \$5M to almost nothing in this reporting period. But this has been well worth the effort as Pel-Air has emerged a stronger, more viable and more sustainable company with strong businesses in Fly-in / Fly-out mining charters, Air Ambulance, Freight and Defence that will, I believe, propel it to record profitability within the next two years."

As for Rex's other subsidiary, the Australian Airline Pilot Academy (AAPA), Mr Lim added, "AAPA is now poised to take off after receiving accreditation from the General Civil Aviation Authority of the United Arab Emirates (UAE) to conduct the flight training for the Multi-Crew Pilot License (MPL). AAPA welcomed the first batch of cadets from the UAE in early August 2011 and expects to train over 60 of their cadets in this FY. With the current world-wide demand for new pilots estimated at 20,000 a year, AAPA is well positioned to contribute strong earning streams in the coming years."

"I have just received word that Rex has been ranked as the Top Performing Regional Airline in the world an unprecedented third consecutive year by the authoritative Aviation Week and Science Technology. This external validation confirms that Rex has solid fundamentals and outstanding financial performance even in the midst of these extremely challenging times. While the economic turmoil in the USA and Europe is as threatening as ever, at Rex we approach the new FY with a certain amount of confidence, serenity and even excitement. However the Rex Board does not believe that it is in a position to make an accurate profit forecast at this stage but believes that all its subsidiaries will be profitable this FY."

"I am pleased to announce that the Rex Board has approved a final dividend of 7.1 cents per share in the light of Rex's strong cash holdings and limited CAPEX needs in the coming year."

Regional Express (Rex) is Australia's largest independent regional airline operating a fleet of more than 40 Saab 340 aircraft on some 1,300 weekly flights to 35 destinations throughout New South Wales, Victoria, Tasmania, South Australia and Queensland. The Rex Group comprises Regional Express, air freight and charter operator Pel-Air Aviation and Dubbo-based regional airline Air Link, as well as the pilot academy Australian Airline Pilot Academy.

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