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MEDIA RELEASE

REX - MOST PROFITABLE AIRLINE GROUP IN AUSTRALIA

Regional Express Holdings Ltd (Rex) today released its full financial year results ending 30 June 2012 with a record Profit Before Tax of \$35.1 million, making Rex the most profitable listed airline in Australia.

Rex Executive Chairman, Lim Kim Hai said "Even as almost every blue-ribbon legacy airline in the world, be it Singapore Airlines, Air France, Lufthansa, Emirates or Qantas, reported profits plunging more than 60% or even losses, I feel humbled and blessed that Rex was able to increase its profit by 45.6% to end the financial year with a record profit."

In light of the sterling results, Mr Lim announced that the Rex Board had authorised a fully franked dividend payout of 9 cents per share (previous financial year was 7.1 cps), "While the Board was mindful of conserving cash for the volatile period ahead, the Board also felt that its healthy unencumbered cash reserves permitted a moderate increase in dividend payout without jeopardising Rex's ability to respond to external shocks."

However, Mr Lim warned that the current financial year would not be as rosy, "Even as the world is entering a period of severe economic hardship that could be worse than the Global Financial Crisis of 2008, the Government has slapped on regional aviation the triple whammy of carbon tax, additional security charges and removal of the Enroute Rebate Scheme whose combined effect on Rex alone is about \$4-5 million this current financial year."

"I believe that Rex can, God willing, survive the cataclysmic period ahead just as we have survived the last decade of droughts, middle eastern wars, SARS, fuel price escalations, pilot shortages, the GFC, volcanic ash and the Euro zone crisis. Our fundamentals are solid with no debt burden. However our profits are expected to drop by 15-25% in the current financial year."

Mr Lim also announced that the collective and enterprise agreements with all employee groups had been voted in, "I am glad that we can put to bed more than 18 months of negotiations and we can now all focus on tackling the massive challenges in the months ahead."

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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