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MEDIA RELEASE

FEDERAL GOVERNMENT POLICIES DECIMATING REGIONAL AVIATION

The Regional Express (Rex) Group today announced its first half FY12/13 results with Profit Before Tax of \$12.5 million on a turnover of \$135 million.

Commenting on the results, Rex Executive Chairman Lim Kim Hai said that as foreshadowed in the profit warning issued at the AGM on 27 November 2012, the Group's Profit Before Tax for the period slumped by 32.6% to \$12.5 million.

"From the very first month of this FY, we are seeing the catastrophic impact the various draconian government polices are having on regional aviation. Not only have policies like the Carbon Tax increased cost significantly, there has also been a significant drop in passenger numbers due to government policies exacerbating the effects of a fragile global economy."

"Regional aviation has been hit particularly hard. Besides the Carbon tax and consistently high fuel prices, it was also the target of an onslaught of government fiscal and regulatory measures which resulted in the steep decline in the results we see today."

"Many regional carriers are now struggling for survival. If the government does not reverse tack very soon, we will see irreversible damage being inflicted by the destructive policies that they have adopted. "

"Rex will work with the Regional Airline Association of Australia (RAAA) to define critical policy measures that need to be adopted to rescue regional aviation. We will call on both the government and the opposition to state their position on these matters prior to the next election"

With high fuel prices, government imposed costs and slowing passenger demand, Rex is expecting a further degradation of results in the second half of FY12/13. The profit guidance for the full year has been revised downwards to 35-40% below the previous FY.

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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