

## Source: Manning River Times, 21 Sep 11

### Rex optimistic about future

HELEN MANUSU

DESPITE "sobering results" for the past year's operation, Regional Express Holdings (Rex Airline) is now more optimistic and confident than it has been in nine years, approaching the future with a measure of excitement.

Rex is the operator of the Taree-Sydney air route, which earlier this year had a cloud over its future because of the general economic downturn.

Even though its full year results just released show a group Profit Before Tax (PBT) declining eight per cent to \$24.1 million, and a steeper decline in Profit After Tax of 28.5 per cent due to the discontinuation of tax incentives set in place the prior year, Rex executive chairman Lim Kim Hai has painted a brighter picture for the airline's future.

He said 2010-2011 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 \$5 million 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 and expects to train over 60 of their cadets in the next 12 months.

"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," Mr Lim said.

Rex has just been ranked as the top performing regional airline in the world for 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 full year with a certain amount of confidence, serenity and even excitement," Mr Lim said.

He said the Rex board does not believe it is in a position to make an accurate profit forecast at this stage but believes that all its subsidiaries will be profitable this full year.

"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 1300 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.