On behalf of the Directors and staff of Rex I am pleased to report on the results for the past Financial Year 2011/12.

It is pleasing to announce that the Rex Group was not only able to substantially improve on its prior financial year’s financial performance, it managed to post a record profit despite difficult operating conditions and spiralling fuel prices.

The record profit before tax is on the back of higher passenger revenue from Rex RPT operations, turnaround in its subsidiary Pel-Air’s performance, higher enrolment of trainee pilots at AAPA and continuous cost reduction programmes.

In the past financial year, Pel-Air had new income stream from the Ambulance Victoria contract, saw improved demand for charter services whilst its freight and defence business remained strong.

With world-wide demand for new pilots estimated at 20,000 a year, we believe that AAPA is well positioned to contribute strong earning streams to the Rex group in the coming years.

More so now than ever, we believe the Rex group is well poised to face the many challenges ahead.

The Hon John Sharp
Rex Deputy Chairman
27 November 2012

Following this, the Power Point slides below were presented to the assembly:
PERFORMANCE

- Revenues increased by 14.5% to $273.1m
- Pax decreased by 2.6% to 1.17m
- PBT increased by 45.6% to $35.1m

REX GROUP FINANCIALS
NETWORK CHANGES

- Commenced Newcastle to Sydney & Ballina services in Oct 2011
- Increased Newcastle to Ballina frequency in Mar 2012
- Increased Sydney to Orange frequency in Q3
- Announced cessation of Griffith – Melbourne from FY13
- Announced new routes for Mildura and Broken Hill (commenced 9 July 2012)

FUEL

$4.3m higher fuel cost compared to previous FY

![Fuel Spend FY05/06 - FY11/12 Graph]
### On Time Performance

#### AIRLINE OPERATIONAL REVIEW

<table>
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<tr>
<th>Airline</th>
<th>On Time Departure</th>
<th>Cancellation Rate (%)</th>
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### CAPITAL EXPENDITURE

Capex spend was one third of that of FY2011:

- Avionics upgrade of Learjet and Westwind aircraft
- Computer servers
- Telephone system
FLEET

- Sold 4 Metro 23 aircraft offshore
- Signed agreement to purchase 4 Saab 340 B plus aircraft coming off lease in July 2013
- After close of FY, Rex placed deposits to purchase a further 4 Saab 340 B plus aircraft at lease end in July 2013 and Mar 2014

OUR SUBSIDIARIES

Pel-Air

- Secured contract extension of Fly in / Fly out with Ivanhoe for Osborne and Mount Dore mines
- Commenced Ambulance Victoria contract on 1 July 2011
- Extended Fast Jet contract for 3 years
- Turboprop charters using Saab aircraft operated steadily throughout the year
OUR SUBSIDIARIES

Air Link

- Continued developing charter service and growing 3rd party aircraft maintenance business
- Marked increase in fleet utilisation - FIFO work for the resource industry

OUR SUBSIDIARIES

AAPA

- 29 cadets graduated in the year
- Further 29 were enrolled
- Enrolled 39 students from Alpha Aviation Group and graduated 27
- 136 cadets trained with 109 checked to line since AAPA commencement (Dec 2007)
PILOT SITUATION

- Resignation rate in line with historical average but higher captain attrition
- Cadet programme provided 28 pilots
- Surplus of 12 pilots at FY end
- Commenced Pilot in Command Under Supervision programme (PICUSP)

TENDER UPDATE

- Extended Air Transport Deed of Standing Offer for an additional year until 1 Nov 2013
- Extended FIFO contract with Illuka resources which was due to expire in the second half of 2012
- The Commonwealth announced no award for JP66 tender and possible retender
EMPLOYEE AGREEMENTS

- Concluded the Enterprise Agreement and Collective Agreement with all employee groups with retrospective effect from 1 July 2012

REX IN THE COMMUNITY

Max Kingston, Rex ambassador leading the parade at the Moruya Jazz festival
REX IN THE COMMUNITY

Rex donated approx A$ 250,000 to various relief and charitable causes in FY1112:

- Hearing Life Charity for Breast Cancer research
- The Leukemia Foundation
- Chad Hancock Annual Race Day
- Julia Creek Dirt and Dust festival
- Country Hope
- Cancer council’s fundraisers

DIVIDEND

- Final dividend: 9.0 cents per share, fully franked
- Dividend yield: 8.5% based on closing share price
FORECAST

As a result of the combined effect of the:
- Carbon Tax Scheme
- Cessation of En-route Rebate Scheme
- Additional security costs
- Expected economic slowdown

PBT FY12/13 expected to fall by 25-35%
(prev. forecast was 15-25%)

THANK YOU
PROXY SUMMARY

AGM 2012 Proxy Results

Resolution 1: Adoption of remuneration report
Resolution 2: Re-election of Lim Kim Hai as director
Resolution 3: Re-election of Lee Thian Soo as director
Resolution 4: Re-election of Gary Filmer as director

Resolution Percentage of Valid Votes Received

FOR 94.84% 97.15% 99.54% 96.50%
OPEN 1.87% 0.36% 3.39% 4.80%
AGAINST 0.34% 0.11% 0.11% 0.97%

FOR OPEN AGAINST