

12

31 DECEMBER 2011



REGIONAL EXPRESS HOLDINGS LIMITED

ACN 099 547 270 (ASX Code: REX)

Appendix 4D: Results For Announcement To The Market
& Half-Year Financial Report
For The Half-Year Ended 31 December 2011

All amounts are presented in Australian dollars, unless otherwise noted.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	31 Dec 2011 \$M	31 Dec 2010 \$M	Change \$M	Change %
Revenue	139.1	119.1	20.0	16.8
Profit from ordinary activities after tax attributable to members	13.4	8.8	4.6	52.3
Net profit for the period attributable to members	13.4	8.8	4.6	52.3
	Amount per share		Franked amount per share	
Interim dividend	Nil		Nil	
Final dividend	Nil		Nil	
Record date for determining entitlements	NA		NA	
	31 Dec 2011 \$	31 Dec 2010 \$	Change %	
Net tangible assets per ordinary share	1.42	1.28	10.9	

EXPLANATION OF RESULTS

The first half of the financial year saw a reduction in the passenger airline's Available Seat Kilometres (ASKs) by 1.4% over the previous corresponding period. Passenger numbers reduced by 3.8% reflecting reducing demand due to poorer economic conditions and higher ticket prices.

This was compensated by better performance from its subsidiary Pel-Air which had two government contracts commencing in the period - the 3-year Fast Jet contract with Defence and the 10-year air ambulance contract with Ambulance Victoria. Pel-Air's deep restructuring over the two prior years was also paying dividends as the other activities of Pel-Air contributed strongly to earnings.

The other Rex Group subsidiaries also turned in much improved results compared to the previous period, resulting in the Group's revenue increasing by 16.8% to \$139.1M.

Total costs over this period increased by 11.6% to \$121.7M. This was mainly due to higher fuel, engineering and manpower costs.

The Group's profit before tax for the period increased by \$6.3M to \$18.5M.

CONTENTS

DIRECTORS' REPORT	3
REVIEW OF OPERATIONS	3-5
AUDITOR'S INDEPENDENCE DECLARATION	6
INDEPENDENT AUDITOR'S REPORT	7-8
CONDENSED CONSOLIDATED INCOME STATEMENT	9
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	10
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	11
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	12
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	13
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	14-17
DIRECTORS' DECLARATION	18

The directors of Regional Express Holdings Limited ('Rex') submit herewith the financial report for the half-year ended 31 December 2011.

The names and details of the Company's directors in office during the half-year and until the date of this report are as below:

NAME	TITLE
Lim Kim Hai	Executive Chairman
The Hon. John Sharp	Deputy Chairman and Independent Director
Chris Hine	Chief Operating Officer
James Davis	Independent Director
Lee Thian Soo	Non-Executive Director
Ronald Bartsch	Independent Director

REVIEW OF OPERATIONS

Summary Review

The major initiative in the airline operation was the commencement of new services between Newcastle and Sydney and Newcastle and Ballina / Byron Bay. These services commenced in late October 2011 and marked Rex's first entry into the Newcastle market. Elsewhere around the network capacity levels either remained unchanged or reduced slightly to better align with a decline in passenger numbers. Passenger numbers declined 3.8% in the period. As a result of the reduction in passengers, the load factor was 1.1 percentage points lower in comparison to the first half of FY 2011.

Fuel cost increased 20.9% over the period. This along with increases in engineering costs and manpower expenses, resulted in the overall cost base increasing 11.6%.

Group revenue increased by 16.8% to \$139.1M, a result of strong improvements in performance of all the Group's subsidiaries, especially Pel-Air.

Key Performance Indicators Table

	1H FY12	1H FY11	Change
Passengers	608,499	632,777	-3.8%
ASK	384 M	389 M	-1.4%
Load Factor	60.1%	61.2%	-1.1% pts
Passenger Revenue/ASK	28.8c	26.3c	+9.5%
Total pax cost/ASK	27.3c	25.2c	+8.3%
Fuel % Total Cost	15.9%	14.7%	+1.2% pts

The outflow of pilots to the major carriers continued to be low and Rex experienced a normal attrition rate, on an annualised basis, of 9.5% during the period.

It is expected that that this attrition rate will not change substantially for the rest of the FY. Rex commenced its 11th intake of pilot cadets making a total of 119 cadets enrolled in the cadet scheme since its inception as at the time of this report.

Rex will continue to build its pilot numbers despite the lower attrition rate as it is felt that the demand for pilots will pick up in the medium term based on known order books for the major carriers.

The commencement of the Ambulance Victoria Contract by Pel-Air Aviation saw its contribution to Group revenue increase significantly. Pel-Air also successfully renewed the Fast Jet Contract with the Commonwealth through a tender exercise and maintained the mining charter activity from the last financial year.

AAPA conducted a Multi Crew Pilot License (MPL) course for the first batch of cadets from the Alpha Aviation Group during this period and saw nine cadets graduate from this course as at 31 December 2011.

Pel-Air executed a contract to sell its four Fairchild Metroliner 23 aircraft. As at the end of the reporting period one aircraft had been delivered. The other three aircraft will be delivered in the third quarter of the Financial Year.

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Route Network Developments

The major development in the first half of FY 2012 was the commencement of Rex services to the City of Newcastle. From 30 October 2011, new services commenced between Newcastle and Sydney and Newcastle and Ballina/Byron Bay. These new services brought competition to the Newcastle-Sydney route while adding a new air link between the Hunter and Northern Rivers regions. The commencement of services to Newcastle Airport has also opened up many new connections through Sydney Airport, particularly with Rex's vast NSW network of 14 regional ports.

Elsewhere around the network capacity expressed in ASK's declined by 1.4% in the first half of FY 2012. There were no large capacity changes to specific routes with smaller and more widespread adjustments to better match supply and demand which in turn helped to deliver improved yield management outcomes.

During the first half of FY 2012, there were no changes to Rex's competitive position.







Fleet Changes

	SAAB 340A Owned	SAAB 340A Freighters Owned	SAAB 340B Owned	SAAB 340 B and B+ Leased	Total Leased	Total Owned	Total Fleet
As at 31 Dec 11	1	3	22	25	25	26	51
As at 30 Jun 11	1	3	22	25	25	26	51

Community, Environment and Service Standards

On Time Performance (OTP) continued to be industry leading. In the first half of FY 2012, Rex's departure OTP rate of 84.1% was second only to Tiger Airways which was operating at 30% capacity due to CASA imposed restrictions. Rex's cancellation rate remained at a historically low level of 0.2%, in line with the prior year's result and it was once again the lowest in the industry.

For the full 2011 calendar year, Rex's On Time Departure rate of 84.9% was ranked the best of all the major carriers in Australia according to the Bureau of Infrastructure, Transport and Regional Development (BITRE) in its Statistical Report on Domestic Airline On Time Performance 2011. Rex's 2011 cancellation rate of 0.4% was impacted by flight cancellations in June resulting from the Chilean volcanic ash cloud. Without these June cancellations, Rex would have achieved an industry leading 0.2% cancellation rate for calendar year 2011.

Airline	Cancellation Rate (%)	Ranking	2011 On Time Departure (%)	Ranking
 Rex Regional Express	0.4	1	84.9	1
 QANTASLINK	2.0	6	79.5	5
 QANTAS	2.3	7	83.0	2
 Jetstar	1.8	4	76.8	6
 Virgin australia	1.8	4	81.0	4
 Virgin australia ATR Operations	1.6	3	68.5	8
 Skywest	0.4	1	82.2	3
 tigerairways	4.1	8	71.3	7

* Source: BITRE

REVIEW OF OPERATIONS (CONTINUED)

Community, Environment and Service Standards (Continued)

AVIATIONWEEK
TOP PERFORMING REGIONAL AIRLINE
2011, 2010, 2009

In August 2011, Rex was ranked as the world's "Top Performing Regional Airline" by Aviation Week and Space Technology (AWST), ahead of American giants Skywest Inc., Pinnacle Airlines and Republic Airways. This is the third consecutive year that Rex has achieved this ranking. The rankings identify those that have lifted their operating performance recovering from the 2008 global recession while dealing with new challenges. Ranking scores are based on performance categories covering financial fitness and earnings performance from a selection of 18 ratios over a 10-year period.

AUSTRALIAN
TRAVELLER
2011 READERS' CHOICE AWARDS
BEST REGIONAL AIRLINE

Three months later in November 2011, Rex was voted as "Best Regional Airline" in the inaugural Australian Traveller Readers' Choice Awards Survey. The only consumer awards for tourism in Australia, the survey was conducted over three months and received nominations from over 1,000 readers on what they consider to be the best in Australia.

Rex continued to demonstrate its commitment in giving back to the regional communities, contributing over \$80,500 worth of flights for various worthy causes, ranging from fundraisers to important community events.

The fourth public report under the Government's Energy Efficiency opportunities programme was approved by the Department of Resources, Energy and Tourism.

Rex registered for the NGER (National Greenhouse and Energy reporting) program on 25 Feb 2009 and has since submitted NGER reports for FY 2009, FY 2010 and FY 2011.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 6 of the half-year report.

ROUNDING OFF OF AMOUNTS

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half year financial report are rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of directors made pursuant to s.306 (3) of the Corporations Act 2001.

On behalf of the Directors



Chris Hine

Chief Operating Officer
 Sydney, 29 February 2012

AUDITOR'S INDEPENDENCE DECLARATION



Deloitte Touche Tohmatsu
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The Board of Directors
Regional Express Holdings Limited
81 – 83 Baxter Road
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29 February 2012

Dear Board Members

Regional Express Holdings Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Regional Express Holdings Limited.

As lead audit partner for the review of the financial statements of Regional Express Holdings Limited for the half year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Catherine Hill
Partner
Chartered Accountants



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Independent Auditor's Review Report to the members of Regional Express Holdings Limited

We have reviewed the accompanying half-year financial report of Regional Express Holdings Limited, which comprises the condensed statement of financial position as at 31 December 2011, and the condensed income statement, the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 9 to 18.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Regional Express Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Regional Express Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Catherine Hill

Catherine Hill
Partner
Chartered Accountants
Sydney, 29 February 2012

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Notes	HALF-YEAR ENDED	
		31 Dec 2011 \$'000	31 Dec 2010 \$'000
CONTINUING OPERATIONS			
Passenger revenue		110,523	102,486
Freight revenue		485	455
Charter revenue		21,962	9,687
Other passenger services and amenities		1,412	1,230
Other revenue		4,683	5,278
TOTAL REVENUE		139,065	119,136
OTHER GAINS AND LOSSES		441	1,616
FINANCE INCOME		663	433
Flight and port operation costs (excluding fuel)		(25,060)	(25,709)
Fuel costs		(19,349)	(16,007)
Salaries and employee-related costs		(47,000)	(42,567)
Selling and marketing costs		(2,669)	(2,649)
Engineering and maintenance costs		(14,840)	(13,276)
Office and general administration costs		(4,084)	(3,230)
Finance costs		(766)	-
Depreciation and amortisation		(7,900)	(5,548)
TOTAL COSTS AND EXPENSES		(121,668)	(108,986)
PROFIT BEFORE INCOME TAX		18,501	12,199
Income tax expense		(5,135)	(3,410)
PROFIT AFTER TAX FROM CONTINUING OPERATIONS		13,366	8,789
EARNINGS PER SHARE (CENTS PER SHARE)			
Basic (cents per share)		12.00	7.87
Diluted (cents per share)		12.00	7.74

Notes to the financial statements are included on pages 14 to 17.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Notes	HALF-YEAR ENDED	
		31 Dec 2011 \$'000	31 Dec 2010 \$'000
PROFIT AFTER TAX		13,366	8,789
OTHER COMPREHENSIVE INCOME			
CASH FLOW HEDGES			
Gain arising during the period		-	60
Reclassification adjustments for amounts recognised in profit or loss		-	(1,077)
Other comprehensive income (net of tax)		-	(1,017)
Income tax relating to components of other comprehensive income		-	305
TOTAL COMPREHENSIVE INCOME		13,366	8,077

Notes to the financial statements are included on pages 14 to 17.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

		CONSOLIDATED	
		31 Dec 2011	30 Jun 2011
		\$'000	\$'000
	Notes		
CURRENT ASSETS			
Cash and cash equivalents		19,721	19,032
Trade and other receivables		14,749	10,003
Available for sale investments carried at fair value – shares		10	10
Inventories		11,224	10,379
TOTAL CURRENT ASSETS		45,704	39,424
NON-CURRENT ASSETS			
Other financial assets		11	11
Other receivables		6,937	6,927
Property, plant and equipment			
Aircraft		107,872	112,163
Other property, plant and equipment		74,694	73,569
Goodwill and intangible assets		7,450	7,475
TOTAL NON-CURRENT ASSETS		196,964	200,145
TOTAL ASSETS		242,668	239,569
CURRENT LIABILITIES			
Trade and other payables		19,167	19,400
Unearned revenue		17,819	19,761
Borrowings		1,945	1,858
Current tax payable		4,091	2,460
Provisions		6,245	6,329
Other liabilities		360	695
TOTAL CURRENT LIABILITIES		49,627	50,503
NON-CURRENT LIABILITIES			
Borrowings		26,154	27,142
Provisions		488	510
Deferred tax liabilities		1,198	647
TOTAL NON-CURRENT LIABILITIES		27,840	28,299
TOTAL LIABILITIES		77,467	78,802
NET ASSETS		165,201	160,767
EQUITY			
Issued capital	5	73,201	74,659
Reserved shares	5	(1,820)	(2,358)
Retained earnings		91,829	86,269
Share-based payments reserve		401	607
Other reserves		1,590	1,590
TOTAL EQUITY		165,201	160,767

Notes to the financial statements are included on pages 14 to 17.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Notes	HALF-YEAR ENDED	
		31 Dec 2011 \$'000	31 Dec 2010 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		147,308	130,008
Payments to suppliers, employees and others		(128,267)	(115,362)
Interest paid		(1,315)	-
Income tax (paid)/refunded		(2,953)	2,682
NET CASH FLOWS FROM OPERATING ACTIVITIES		14,773	17,328
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		663	433
Proceeds from disposal of property, plant and equipment		897	3,061
Payments for property, plant and equipment - aircraft and other		(5,449)	(13,900)
Payments for property, plant and equipment - software		(30)	(204)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(3,919)	(10,610)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(7,806)	(7,322)
Share buy-back		(1,458)	-
Repayment of borrowings – non-related parties		(901)	-
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(10,165)	(7,322)
NET INCREASE/(DECREASE) IN CASH HELD		689	(604)
CASH AT THE BEGINNING OF THE PERIOD		19,032	10,326
CASH AT THE END OF THE PERIOD		19,721	9,722

Notes to the financial statements are included on pages 14 to 17.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

	Issued capital	Reserved shares	Retained earnings	Share-based payments reserve	Cash flow hedge reserve	General reserve	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
AT 1 JULY 2010	74,659	(2,869)	75,998	533	712	1,590	150,623
Profit for the period	-	-	8,789	-	-	-	8,789
Other comprehensive income for the period, net of tax	-	-	-	-	(712)	-	(712)
Total comprehensive income for the period	-	-	8,789	-	(712)	-	8,077
Dividends paid	-	-	(7,322)	-	-	-	(7,322)
Share buy-back	-	-	-	-	-	-	-
Share gift issued - gift	-	498	-	(498)	-	-	-
Share gift issued - salary sacrifice	-	13	-	-	-	-	13
Share gift plan provision	-	-	-	259	-	-	259
AT 31 DECEMBER 2010	74,659	(2,358)	77,465	294	-	1,590	151,650
AT 1 JULY 2011	74,659	(2,358)	86,269	607	-	1,590	160,767
Profit for the period	-	-	13,366	-	-	-	13,366
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	13,366	-	-	-	13,366
Dividends paid	-	-	(7,806)	-	-	-	(7,806)
Share buy-back	(1,458)	-	-	-	-	-	(1,458)
Share gift issued - gift	-	531	-	(531)	-	-	-
Share gift issued - salary sacrifice	-	7	-	-	-	-	7
Share gift plan provision	-	-	-	325	-	-	325
AT 31 DECEMBER 2011	73,201	(1,820)	91,829	401	-	1,590	165,201

Notes to the financial statements are included on pages 14 to 17.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' Report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2011 annual financial report for the financial year ended 30 June 2011, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

The adoption of these amendments has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised standards and interpretations have not had a material impact and not resulted in changes to the Group's presentation of, or disclosure in, its half-year financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of performance is more specifically focused on the category of customer for each type of service. The Group's reportable segments under AASB 8 are therefore as follows:

- Regular public transport revenue
- Charter revenue
- Training revenue

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review:

	REVENUE HALF-YEAR ENDED		SEGMENT RESULT HALF-YEAR ENDED	
	31 Dec 2011 \$'000	31 Dec 2010 \$'000	31 Dec 2011 \$'000	31 Dec 2010 \$'000
CONTINUING OPERATIONS				
Regular public transport revenue	116,967	106,397	19,930	14,689
Charter revenue	20,164	10,518	2,426	(796)
Training revenue	1,934	2,221	(109)	(513)
	139,065	119,136	22,247	13,380
Finance income	663	433	663	433
Other gains and losses	441	1,616	441	1,616
Central administration costs and directors' salaries			(4,084)	(3,230)
Finance costs			(766)	-
Profit before tax			18,501	12,199
Income tax expense			(5,135)	(3,410)
CONSOLIDATED SEGMENT REVENUE & PROFIT	140,169	121,185	13,366	8,789

The revenue reported above represents revenue generated from external customers. There were no intersegment sales during the period.

Segment result represents the profit/(loss) of each segment without allocation of central administration costs and directors' salaries. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. SEGMENT INFORMATION (CONTINUED)

The following is an analysis of the Group's assets by reportable operating segment as at the end of the period:

CONTINUING OPERATIONS	31 Dec 2011 \$'000	30 Jun 2011 \$'000
Regular public transport assets	142,938	146,363
Charter assets	91,341	84,679
Training assets	8,389	8,527
TOTAL ASSETS	242,668	239,569

3. BORROWINGS

During the period, the Group repaid bank loans to the amount of \$901 thousand. These were made in line with previously disclosed repayment terms.

4. DIVIDENDS

During the period, Regional Express Holdings Ltd made the following dividend payments:

FULLY PAID ORDINARY SHARES	HALF-YEAR ENDED			
	31 Dec 2011		31 Dec 2010	
	Cents per share	Total \$'000	Cents per share	Total \$'000
Final dividend	7.1	7,806	6.6	7,322

5. ISSUED CAPITAL

ORDINARY SHARES	31 Dec 2011 \$'000	30 June 2011 \$'000
Issued and fully paid	73,201	74,659
Reserved shares	(1,820)	(2,358)
	71,381	72,301

	No. '000	No. '000
Issued and fully paid	111,270	112,902
Reserved shares	958	1,534

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. ISSUANCES, REPURCHASES & REPAYMENTS OF EQUITY SECURITIES

During the half-year reporting period 575 thousand shares were issued to employees under the Employee Share Gift Scheme from the Company's reserved shares.

During the Financial Year 2008, the Group executed a publicly announced share buy-back programme. All shares purchased under the programme are cancelled. During the current reporting period, 1,631 thousand shares were bought back (2011: nil).

There were no other movements in the issued and fully paid share capital of the Company in the current half-year reporting period.

7. KEY MANAGEMENT PERSONNEL

Remuneration arrangements of key management personnel are disclosed in the annual financial report. In addition during the interim period, a cash bonus amounting to \$300 thousand was recommended by the Nomination and Remuneration Committee be paid to key management personnel.

8. CONTINGENCIES & COMMITMENTS

Pel-Air Aviation Pty Ltd has signed an agreement to sell four Metro 23 aircraft with completion of the sale scheduled over the 3rd quarter of the financial year. As at the 31 Dec 2011, one aircraft has been sold.

9. SUBSEQUENT EVENTS

There has not been any matter or circumstance that has arisen since the end of the half-year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Company in future financial years.

DIRECTORS' DECLARATION

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303 (5) of the Corporations Act 2001.

On behalf of the Directors



Chris Hine

Chief Operating Officer
Sydney, 29 February 2012

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REX GROUP OF COMPANIES:

