

ANNOUNCEMENT OF 06/07 FULL-YEAR RESULTS

COMPANY BRIEFING

29 AUGUST 2007



AGENDA



- ✈ **FINANCIAL HIGHLIGHTS**
- ✈ **OPERATIONS HIGHLIGHTS**
- ✈ **INCOME STATEMENT REVIEW**
- ✈ **BALANCE SHEET REVIEW**
- ✈ **KEY PERFORMANCE INDICATORS**
- ✈ **OPERATIONAL REVIEW**
- ✈ **AIRLINES COMPARATIVE PERFORMANCE**
- ✈ **OUTLOOK**



GROUP FINANCIAL HIGHLIGHTS



✈️ STRONG EARNINGS

- Revenue grew by 29% to \$225M
- Profit after tax up by 50.4% to \$23.6M
- Profit before tax margin increased to 14.7% from 12.6%
- Diluted EPS increased by 32% to 20.4 cents
- Dividends increased by 32% to 6.6 cents per share fully franked compared to 5 cents per share unfranked

✈️ HEALTHY BALANCE SHEET

- Cash balance of \$18.6M
- Total assets grew by 58% to \$158M
- Only \$3.2M long term debt
- Equity grew by 49% to \$102.5M

✈️ SUPERIOR RETURN

- Return on equity of 23.1%
- Return on total assets of 15%
- Share price increase by 176% in the FY



GROUP OPERATIONS HIGHLIGHTS



✈️ **STRONG MARKET POSITION**

- Passenger traffic rose by 18% to 1,416,250 passengers
- Increased activity in South Australia and Tasmania
- Added Grafton and Taree to NSW network
- Sole operator on 31 of total 39 routes

✈️ **OUTSTANDING SERVICE LEVELS**

- Second highest overall on time departure (88.5%)- DOTARS calendar yr 2006
- Lowest flight cancellations

✈️ **IMPROVED EFFICIENCIES**

- Productivity savings of \$3.2M
- Cost/ASK increased marginally by 0.7% to 22.7 cents
- Excluding fuel, Cost/ASK remained unchanged at 18.6 cents



GROUP INCOME STATEMENT REVIEW



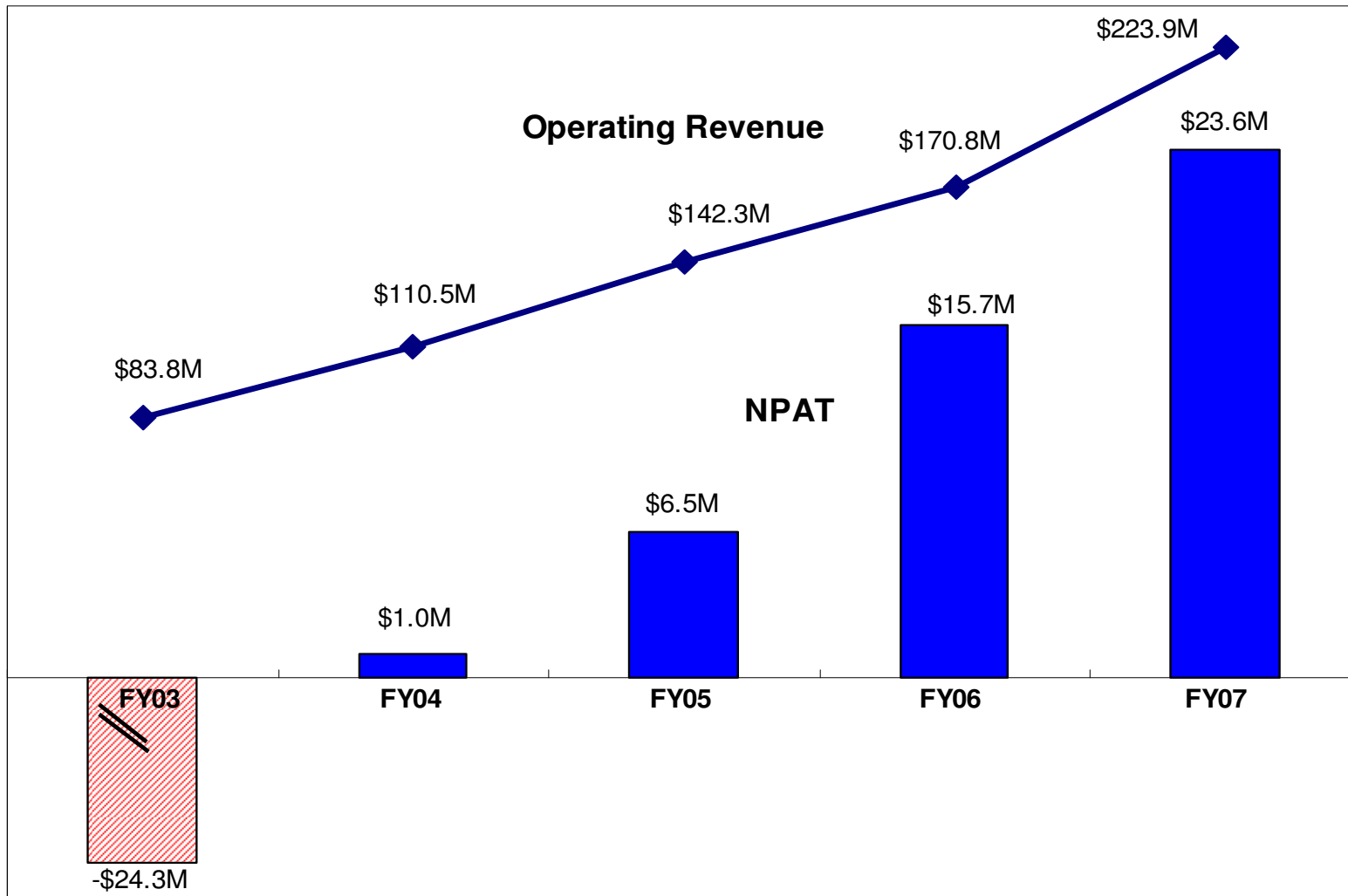
	FY07 \$M	FY06* \$M	Change
Passenger Revenue	200.1	166.2	+20.4%
Total Revenue**	207.1	174.3	+18.8%
Fuel Cost**	32.5	27.4	+18.6%
Other Costs & Expenses**	145.2	127.0	+14.3%
Profit After Tax	23.6	15.7	+50.4%

* FY06 includes Air Link's results from Dec 05

**For comparative purposes, Pel-Air's revenue and costs have been excluded



GROUP OPERATING REVENUE & PROFIT TREND



* Operating revenue excludes other income



GROUP BALANCE SHEET REVIEW



As at 30 June	FY07* \$M	FY06 \$M	Change
Current Assets	37.8	36.3	+4%
Non Current Assets	120.3	64.0	+88%
Total Assets	158.1	100.3	+58%
Current Liabilities	50.4	30.0	+68%
Non-current Liabilities	5.2	1.4	+255%
Total Liabilities	55.6	31.5	+77%
Total Equity	102.4	68.8	+49%

* FY07 includes Pel-Air's balance sheet

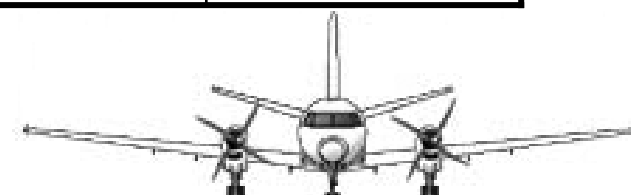


KEY PERFORMANCE INDICATORS



	FY07	FY06	Change
Before Tax Profit Margin (%)	14.7	12.6	+2.1% pts
Fuel % Total Cost	18.3*	17.8	+0.5% pts
Current Ratio	0.75	1.21	-38.0%
Return on Equity (%)	23.1	34.5	-11.4% pts
Return on Total Assets (%)	15.0	20.2	-5.2% pts
P/E Ratio (share price @ 30th June, \$2.75)	13.5	6.5	N/A
Net Asset Per Share (\$)	0.85	0.59	+41.6%

* For comparative purposes, Pel-Air's cost has been excluded

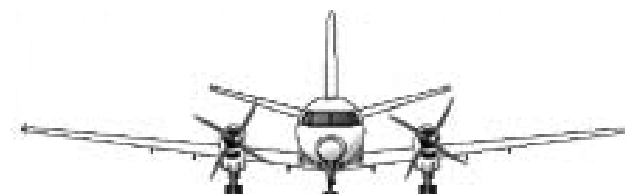


GROUP OPERATIONAL REVIEW



	FY07*	FY06*	Change
Passengers	1,416,250	1,195,344	+18%
ASKs (M)	782	684	+14%
Average Fare (\$)	141.3	139.1	+1.6%
(Excl. fuel levy)	(118.5)	(119.3)	(-0.67%)
Load Factor (%)	68.3	66.9	+1.4% pts
Revenue/ASK (cents)	25.6	24.2	+5.8%
Total cost/ASK (excl. fuel) (cents)	22.7	22.6	0.7%
	18.6	18.6	0%

* For comparative purposes, Pel-Air's results have been excluded



GROUP OPERATIONAL REVIEW



- ✈️ **Completion of the switch to a single fleet type with all Rex airline operations now being in 34 seat SAAB aircraft**
- ✈️ **Increased activity on current routes in conjunction with partnership agreements with councils (e.g. Broken Hill, Wagga Wagga, Burnie & Port Lincoln)**
- ✈️ **Introduction of new routes with partnership agreements with councils being a key element (e.g. Grafton, Taree, Griffith-Melbourne)**
- ✈️ **Transfer of the remaining four Metro aircraft into Pel-Air for freight and charter work**



GROUP OPERATIONAL REVIEW









- ➔ Introduction of the second Beech 1900D into Air Link to service Bathurst
- ➔ Introduction of first SAAB 340 B+ new generation aircraft
- ➔ Extra focus on charter activity through a Group approach
- ➔ Ground handling undertaken in-house for major hubs



AIRLINES ESTIMATED COMPARATIVE PERFORMANCE



	 Full year ended 30 June 07 (A\$M)	 Full year ended 31 Mar 07 (S\$M)	 Full year ended 31 Dec 06 (US\$M)	 Full year ended 30 June 07 (A\$M)	 Full year ended 30 June 07 (A\$M)	 Full year ended 31 Mar 07 (£M)
Revenue	225.2	14,494	9,086	15,166	2,169	8,492
PBT	33	1,864	790	1,032	309	611
Debt/Equity*	0.03	0.06	0.26	0.68	1.02	1.21
Revenue Margin (PBT/Revenue)	14.7%	12.8%	8.7%	6.8%	14.2%	7.2%
Revenue Growth	+29%	+8.6%	+19.8%	+11.0%	+16.3%	+3.4%
Net Revenue Margin (NPAT/Revenue)	10.5%	11.0%	5.5%	4.7%	10.0%	3.6%
PBT Growth	+50.4%	+12.1%**	+1.4%	+53.8%	+87.3%	-0.8%

*Borrowing is based on interest bearing long term debt only

SQ PBT and NPAT excludes contribution from exceptional items (surplus of sale of SIA building and sale of Singapore Aircraft Leasing Enterprise (SALE)). SQ NPAT excludes exceptional tax write back due to statutory changes

OUTLOOK



- ✈️ **Entry into the Queensland market with the introduction of a Brisbane – Maryborough service in Oct 07**
- ✈️ **Continued emphasis on improving capacity and service with SAAB 340 B+ programme**
- ✈️ **Deployment of SAAB aircraft into Pel Air for freight and charter operations**
- ✈️ **Projected earnings growth of 10% for FY07/08**



Q&A



END OF PRESENTATION
THANK YOU

