



HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2010

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 2010



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

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	31 Dec 2010 \$M	31 Dec 2009 \$M	Change \$M	Change %
Revenue	121.2	117.8	3.4	2.9
Profit from ordinary activities after tax attributable to members	8.8	9.6	-0.8	-8.3
Net profit for the period attributable to members	8.8	9.6	-0.8	-8.3

	Amount per share	Franked amount per share
Interim dividend	Nil	Nil
Final dividend	Nil	Nil
Record date for determining entitlements	NA	NA

	31 Dec 2010 \$	31 Dec 2009 \$	Change %
Net tangible assets per ordinary share	1.28	1.13	13.3

EXPLANATION OF RESULTS

Activity in the first half of the financial year increased slightly with ASKs rising by around 4% over the previous corresponding period. Passenger numbers were quite stable with only a modest 1.4% decline over the entire network.

An increased focus on both yield and capacity management saw consolidated revenue increase by 2.9%, despite the slightly lower passenger numbers, to \$121.2M for the period. This increase was mainly attributed to the airline operation with contributions from subsidiary companies remaining similar to the previous year.

However an increase in costs mainly due to fuel, depreciation arising from the previous FY's higher capital expenditure that had enjoyed tax incentives, salaries and the new operations in Northern Queensland saw the Group's Profit Before Tax reduce by \$0.7M (5.4%) to \$12.2M.



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DIRECTORS' REPORT

The directors of Regional Express Holdings ('Rex') Limited submit herewith the financial report for the half-year ended 31 December 2010.

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
James Davis	Managing Director
Russell Hodge	Independent Director
David Miller	Director and Chief Executive Officer, Air Link Pty Ltd
Lee Thian Soo	Non-Executive Director
Ronald Bartsch	Independent Director

REVIEW OF OPERATIONS

Summary Review

The airline operation was relatively stable with capacity levels remaining largely unchanged for the majority of routes. Passenger numbers were slightly lower which can be mostly attributed to the changed market dynamics on the Adelaide to Port Lincoln route. QantasLink entered the Adelaide to Port Lincoln route in February 2010 which resulted in a significant over supply of total market capacity - an increase of more than 70% year on year. As a result, Rex reduced capacity by approximately 18% in August 2010 to better match supply and demand.

Passenger revenue increased by 3.7% from \$98.8M to \$102.5M, despite the slightly lower passenger numbers, due to an increased focus on yield which saw average ticket prices rise by 5.2%. The load factor was 1.9 percentage points lower in comparison to the first half of FY 2010. This was due to the Queensland regulated and subsidised routes operating with expected low load factors (compensated by subsidies from the Queensland State government) as well as the entry of QantasLink to Port Lincoln.

Fuel prices rose during the period along with depreciation, salaries and Northern Queensland start up costs, resulting in the overall cost base increasing by 3.9% with a consequent drop in Profit Before Tax of 5.4% to \$12.2M for the half year.

Key Performance Indicators Table

	1H FY11	1H FY10	Change
Passengers	632,777	641,552	-1.4%
ASK	389 M	375 M	+4.0%
Load Factor	61.2%	63.1%	-1.9% pts
Passenger Revenue/ASK	26.3c	26.4c	-0.4%
Total pax cost/ASK	25.2c	24.3c	+3.7%
Fuel % Total Cost	14.7%	14.6%	+0.1% 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 16.9% during the period. Expectations are that this attrition rate will not change substantially for the rest of the FY. Rex commenced an eighth intake of its pilot cadets making a total of 95 cadets enrolled in the cadet scheme since its inception. Rex is continuing 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.

Contribution from subsidiary companies was minimal with Pel-Air mainly concentrating on its Defence contract and gearing up for the Ambulance Victoria contract which is due to commence at the beginning of the next FY. However increased mining charter activity was observed with extra contract work being carried out by Pel-Air and Air Link for Ivanhoe Australia to the Osborne and Mount Dore Mines in Queensland and also to Nyngan for Tritton Resources. In addition, an existing Pel-Air twice weekly mining charter to Emerald was upgraded from a Metro 23 to a SAAB, and the service extended.

The eight remaining ex-freighter Fairchild Metroliner III aircraft from Pel-Air were disposed of with contracts being signed with overseas purchasers and three of these were delivered overseas in the period. Two other Fairchild Metroliner III aircraft had previously been sold for parts within Australia.

Rex continued to operate two SAAB aircraft in Thailand on lease to Happy Air Travellers and supported by Rex engineers. A deal was signed with SAAB Aircraft Leasing to purchase off lease five SAAB 340B aircraft prior to the end of the FY with one fully paid up in the period.

REVIEW OF OPERATIONS (CONTINUED)

Route Network Developments

Rex resumed the Griffith to Melbourne route in October 2009 in partnership with Griffith City Council and in February 2010 Rex commenced a number of new routes in North Queensland - two regulated and subsidised routes by the Queensland State Government in addition to a new non-stop air service between Townsville and Mount Isa. The first half of FY 2011 is therefore the first full half-year period to include these new routes. In the first half of FY 2011, capacity expressed in ASKs increased by 4% largely due to the new routes that commenced mid-way through the prior FY.

In July 2010, Rex reduced capacity between Melbourne and Burnie due to the expiry of a three-year partnership agreement between Rex and Burnie Airport Corporation that saw a consequent 20% increase in the Burnie airport passenger charges. The redeployed Rex resources enabled Rex to improve the Melbourne to Griffith flight schedule to better meet the needs of the local Griffith business community.

As a result of QantasLink's entry on to the Adelaide to Port Lincoln route in February 2010, total capacity on that route increased by more than 70%. Overall passenger growth of 30% was insufficient to support the over supply of capacity and in August 2010 Rex was forced to reduce Port Lincoln capacity by 18%.

In September 2010, Rex was hit with a 46% increase in its passenger charges at Mount Gambier Airport. Rex was forced to reduce the number of services from Mount Gambier Airport, seeing a 15% reduction in capacity in order to protect its operating margins in view of the significant cost increase.

During the first half of FY 2011, 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 10	1	3	18	29	29	22	51
As at 30 Jun 10	1	3	17	30	30	21	51

Community, Environment and Service Standards

On Time Performance (OTP) continued to trend positively in the first half of FY 2011 with Rex getting back into the top airline rankings for both departure OTP and cancellation rates. Rex's departure OTP improved from 84.7% in the first half of FY 2010 to 86.6% in the first half of FY 2011. The Rex cancellation rate remained at a historically low level of 0.2%, which is in line with the prior year's result and significantly below the industry average.

For the full calendar year 2010, Rex had the best On Time Departures as well as the lowest cancellation rates 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 2010.

Airline	2010			
	Cancellation Rate (%)	Ranking	On Time Departure (%)	Ranking
 Rex Regional Express	0.2%	1	87.5%	1
QantasLink	1.1%	6	81.3%	5
Qantas	0.9%	3	85.6%	3
Jet Star	1.0%	4	80.7%	6
Virgin Blue	1.5%	7	83.0%	4
Sky West	0.4%	2	86.6%	2
Tiger Airways	1.0%	4	71.7%	7

* Source: BITRE

REVIEW OF OPERATIONS (CONTINUED)

Community, Environment and Service Standards (Continued)

In October 2010, Rex was recognized for a record third time as the Regional Airline of the Year by the Centre of Asia Pacific Aviation (CAPA). Rex received the same award in 2007 and 2008. This award acknowledged Rex's commitment to regional areas as it continues to deliver excellent service and profits for shareholders under keen leadership.



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

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

A handwritten signature in black ink that reads 'James Davis'.

James Davis
Managing Director
Sydney, 23 February 2011



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The Board of Directors
Regional Express Holdings Limited
81 – 83 Baxter Road
MASCOT NSW 2000

23 February 2011

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 2010, 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 2010, 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 2010 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 2010 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*.

A handwritten signature in black ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink that reads "Catherine Hill".

Catherine Hill
Partner
Chartered Accountants
Sydney, 23 February 2011

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Note	HALF-YEAR ENDED	
		31 Dec 2010 \$'000	31 Dec 2009 \$'000
CONTINUING OPERATIONS			
Passenger revenue		102,486	98,780
Freight revenue		455	446
Charter revenue		9,687	14,773
Other passenger services & amenities		1,230	972
Finance revenue		433	214
Other income		6,916	2,611
Total revenue and other income		121,207	117,796
Flight and port operations costs (excluding fuel)		(25,709)	(25,132)
Fuel costs		(16,007)	(15,263)
Salaries & employee-related costs	3(a)	(42,567)	(40,524)
Selling and marketing costs		(2,649)	(2,779)
Engineering and maintenance costs		(13,276)	(13,258)
Office and general administration costs		(3,230)	(2,961)
Finance costs		-	(46)
Depreciation & amortisation		(5,548)	(4,877)
Other expenses		(22)	(53)
Total costs and expenses		(109,008)	(104,893)
PROFIT BEFORE INCOME TAX		12,199	12,903
Income tax expense		(3,410)	(3,287)
Profit after tax from continuing operations		8,789	9,616
EARNINGS PER SHARE (CENTS PER SHARE)			
Basic (cents per share)		7.87	8.20
Diluted (cents per share)		7.74	8.11

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 2010

	HALF-YEAR ENDED	
	31 Dec 2010 \$'000	31 Dec 2009 \$'000
Profit after tax	8,789	9,616
OTHER COMPREHENSIVE INCOME		
Cash flow hedges		
Gain arising during the year	60	187
Reclassification adjustments for amounts recognised in profit or loss	(1,077)	-
Other comprehensive income (net of tax)	(1,017)	187
Income tax relating to components of other comprehensive income	305	(56)
Total comprehensive income	8,077	9,747

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 2010

	Note	CONSOLIDATED	
		31 Dec 2010 \$'000	31 Jun 2010 \$'000
CURRENT ASSETS			
Cash and cash equivalents		9,722	10,326
Trade and other receivables		8,101	9,509
Available for sale investments carried at fair value – shares		10	10
Inventories		9,398	7,744
Current tax assets		-	3,198
Total current assets		27,231	30,787
NON-CURRENT ASSETS			
Other financial assets		1,041	1,028
Other receivables		4,255	3,932
Deferred tax assets		-	911
Property, plant and equipment			
Aircraft		107,477	106,340
Other property, plant and equipment		73,393	68,486
Goodwill and intangible assets		7,458	7,299
Total non-current assets		193,624	187,996
Total assets		220,855	218,783
CURRENT LIABILITIES			
Trade and other payables		18,011	18,267
Unearned revenue		15,752	16,432
Current tax payable		1,592	-
Provisions		6,303	6,540
Other liabilities		1,080	494
Total current liabilities		42,738	41,733
NON-CURRENT LIABILITIES			
Borrowings		26,000	26,000
Provisions		381	427
Deferred tax liabilities		86	-
Total non-current liabilities		26,467	26,427
Total liabilities		69,205	68,160
Net assets		151,650	150,623
EQUITY			
Issued capital	5	74,659	74,659
Reserved shares	5	(2,358)	(2,869)
Retained earnings		77,465	75,998
Share-based payments reserve		294	533
Other reserves		1,590	2,302
Total equity		151,650	150,623

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 2010

	HALF-YEAR ENDED	
	31 Dec 2010 \$'000	31 Dec 2009 \$'000
Cash flows from operating activities		
Receipts from customers	130,008	126,687
Payments to suppliers and employees	(115,362)	(113,126)
Interest and other costs of finance paid	-	(46)
Income tax paid	2,682	(4,374)
Net cash flows from operating activities	17,328	9,141
Cash flows from investing activities		
Interest received	433	214
Proceeds from sale of property, plant and equipment	3,061	1,792
Purchase of property, plant and equipment	(13,900)	(18,249)
Payment for intangibles	(204)	(38)
Net cash flows used in investing activities	(10,610)	(16,281)
Cash flows from financing activities		
Dividends paid	(7,322)	-
Share buy-back	-	(378)
Purchase of reserved shares	-	(117)
Repayment of borrowings – non-related parties	-	(884)
Net cash flows used in financing activities	(7,322)	(1,379)
Net decrease in cash and cash equivalents	(604)	(8,519)
Cash and cash equivalents at the beginning of the period	10,326	15,469
Cash and cash equivalents at the end of the period	9,722	6,950

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 2010

ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

	Issued capital \$'000	Reserved shares \$'000	Retained earnings \$'000	Share- based payments reserve \$'000	Cash flow hedge reserve \$'000	General reserve \$'000	Total equity \$'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	-	-	-	-	(712)	-	(712)
Total comprehensive income for the period	-	-	8,789	-	(712)	-	8,077
Dividends paid	-	-	(7,322)	-	-	-	(7,322)
Share gift exercised/issued – gift	-	498	-	(498)	-	-	-
Share gift exercised/issued - salary sacrifice	-	13	-	-	-	-	13
Share gift provision	-	-	-	259	-	-	259
At 31 December 2010	74,659	(2,358)	77,465	294	-	1,590	151,650
At 1 July 2009	75,037	(3,241)	51,371	652	-	1,590	125,409
Profit for the period	-	-	9,616	-	-	-	9,616
Other comprehensive income for the period	-	-	-	-	131	-	131
Total comprehensive income for the period	-	-	9,616	-	131	-	9,747
Share buy-back	(378)	-	-	-	-	-	(378)
Share purchased as reserve shares	-	(117)	-	-	-	-	(117)
Share gift exercised/issued - gift	-	466	-	(466)	-	-	-
Share gift exercised/issued – salary sacrifice	-	23	-	-	-	-	23
Share gift provision	-	-	-	484	-	-	484
At 31 December 2009	74,659	(2,869)	60,987	670	131	1,590	135,168

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

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 2010 annual financial report for the financial year ended 30 June 2010, 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.

New and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Group include:

- Amendments to AASB 5, 8, 101, 107, 117, 118, 136 and 139 as a consequence of AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'.

AASB 2009-5 introduces amendments into Accounting Standards that are equivalent to those made by IASB under its program of annual improvements to its standards. A number of the amendments are largely technical, clarifying particular items, or eliminating unintended consequences. Other changes are more substantial, such as the current/non-current classification of convertible instruments, the classification of expenditures on unrecognised assets in the statement of cash flows and the classification of leases of land and buildings.

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.

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 principal categories of customer for these services are internet sales, direct sales to customers and wholesalers. 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 profit Half-year ended	
	31 Dec 2010 \$'000	31 Dec 2009 \$'000	31 Dec 2010 \$'000	31 Dec 2009 \$'000
Continuing operations				
Regular public transport revenue	106,387	100,750	14,657	14,954
Charter revenue	10,518	15,053	(796)	121
Training revenue	2,221	1,244	(513)	86
	119,126	117,047	13,348	15,161
Finance income	433	214	433	214
Other income	1,648	535	1,648	535
Central administration costs and directors' salaries			(3,230)	(2,961)
Finance costs			-	(46)
Profit before tax			12,199	12,903
Income tax expense			(3,410)	(3,287)
Consolidated segment revenue and profit	121,207	117,796	8,789	9,616

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

Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, investment revenue and finance costs, income tax expense, and gains or losses on disposal of associates and discontinued operations. 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:

	31 Dec 2010 \$'000	30 Jun 2010 \$'000
Continuing operations		
Regular public transport assets	137,898	166,001
Charter assets	74,165	44,325
Training assets	8,792	8,457
Total segment assets	220,855	218,783
Total assets	220,855	218,783

3. REVENUE AND EXPENSES

Specific Items

Profit before income tax expense includes the following expenses whose disclosure is relevant in explaining the performance of the entity.

	HALF-YEAR ENDED	
	31 Dec 2010 \$'000	31 Dec 2009 \$'000
(a) Salaries and employee-related costs		
Wages and salaries (excluding bonus – profit share scheme)	(38,731)	(35,844)
Bonus – profit share scheme	(348)	(921)
Workers' compensation costs	(586)	(761)
Superannuation costs	(2,643)	(2,514)
Expense of share-based payments	(259)	(484)
	(42,567)	(40,524)

4. DIVIDENDS

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

	HALF-YEAR ENDED			
	31 Dec 2010		31 Dec 2009	
	Cents per share	Total \$'000	Cents per share	Total \$'000
Fully paid ordinary shares				
Final dividend	6.6	7,322	-	-

5. ISSUED CAPITAL

	31 Dec 2010 \$'000	30 June 2010 \$'000
Ordinary shares		
Issued and fully paid	74,659	74,659
Reserved shares	(2,358)	(2,869)
	72,301	71,790
	No. '000	No. '000
Issued and fully paid	112,901	112,901
Reserved shares	1,534	1,967

6. ISSUANCES, REPURCHASES AND REPAYMENTS OF EQUITY SECURITIES

During the half-year reporting period 434 thousand shares were issued to employees under the Employee Share Gift Scheme from the Company's reserved shares.

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

7. CONTINGENCIES AND COMMITMENTS

As at 31 December 2010, Regional Express Holdings Ltd has an arrangement with SAAB Aircraft Leasing to purchase four advanced 34-seat SAAB 340B Plus aircraft, currently operating in the Company's fleet under an operating lease, for an amount of US\$6.6M with completion scheduled over the third quarter.

Pel-Air Aviation Pty Ltd has signed an agreement with Sierra West and Bemidji to sell eight Metro III aircraft for an amount of US\$3M with completion of the sale scheduled over the second half of the financial year.

8. SUBSEQUENT EVENTS

Regional Express Holdings Ltd has signed an agreement to sell a B1900 aircraft for US\$2.7M. The sale is scheduled to be completed in the third quarter.

Other than the above, 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.

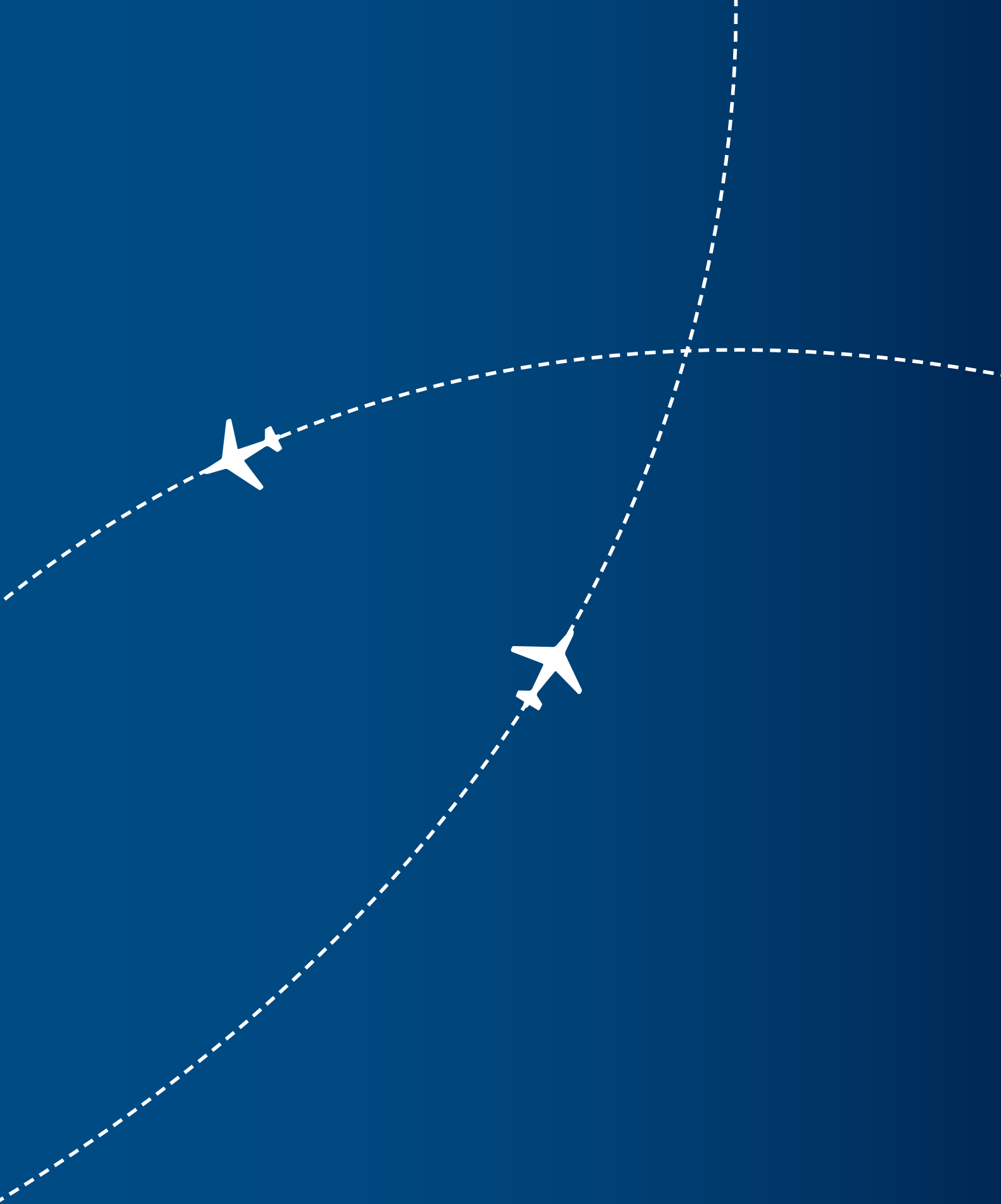
Signed in accordance with a resolution of the directors made pursuant to s.303 (5) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink that reads "James Davis". The signature is written in a cursive, flowing style.

James Davis

Acting Managing Director
Sydney, 23 February 2011



REX GROUP OF COMPANIES:

