



Alliance Aviation Services Limited
A.C.N. 153 361 525

PO Box 1126
EAGLE FARM QLD 4009

Telephone
+61 7 3212 1212

Facsimile
+61 7 3212 1522
www.allianceairlines.com.au

14 October 2014

Alliance Aviation Services (ASX code: AQZ)

Annual General Meeting

Chairman's Address

The year ending 30 June 2014 was a year of transition for Alliance. On the back of a very successful year in 2013, the revenues of Alliance were changing as a greater percentage of its revenue came from long term contract income.

2014 was a year which provided a number of challenges for the business however also presented a number of opportunities for the organisation to continually review what and how it does business.

Alliance remains Australia's leading provider of fly-in, fly-out ("FIFO") transportation.

As I said in my address last year, Alliance provides an essential service to the mining and energy industry – the safe and efficient air transportation of their employees and contractors to and from remote locations. In many cases our customer is the human resource division of our customers as we support the rostering and logistics of their employees of an operating blue chip mine.

This type of income is fairly resilient to some of the factors which impact the resources sector and in particular those companies which are considered true mining services companies.

With the exception of one of our contracts, all our customers operate mines which are in production. We have a limited exposure to construction contracts.

The Company now operates a fleet of 18 Fokker 100 and 7 Fokker 70LR jet aircraft and six Fokker 50 turboprops at industry leading on time performance and reliability. We have completed the maintenance of the F70s we acquired during the 2013 year and all are now in service.

Whilst the 2014 financial result was less than in the previous year, it was pleasing that the company was able to navigate the transition of changing revenue and continue to invest for the future. The underlying NPAT result was \$10.3 million.

As Chairman of Alliance I have also been pleased to continue to reward you, our shareholders with the full year dividend of 5.7 cents which was fully franked.

Last I year I mentioned that we had restructured the Management team to support Scott. I am pleased to say that this has provided a good basis for the business to grow.

We acknowledge the challenges that the economic environment brings. We also must accept that we are operating in a competitive environment and we need to continually meet the needs of our customers.

As a result we remain focussed on the development of the new revenue sources for Alliance and looking for opportunities to diversify the business and sources of revenue.

I would like to personally thank our Managing Director, Scott McMillan, the Management team and all those Alliance people across the country from Perth in the west, to our team in Adelaide and those here on the East Coast. It is our people that shape the company.

I would also like to thank my fellow Directors and to you our shareholders who have provided your ongoing support which has made all of this possible.

Steve Padgett
Chairman
14 October 2014

For more information contact:
Scott McMillan
Managing Director
Alliance Aviation Services Limited
61 7 3212 1212

14 October 2014

Alliance Aviation Services (ASX code: AQZ)

Annual General Meeting

CEO's Address

Thank you for the opportunity to present to you this morning. 2014 will be remembered by all of us as a challenging year which at the same time demonstrated the resilience of the Alliance business in a very competitive industry.

The simple fact is that Alliance is a unique offering. Alliance does not compete to sell seats to the public, we do not mix our aircraft into existing schedules and we have an unmatched record for on time performance of 93% for 2014.

The goals of Alliance remain simple and include industry leading safety and engineering reliability.

The 2014 year was another great year for meeting our customers' expectations. With two significant contract wins and a number of renewals, Alliance continues to demonstrate that we can rise to meet the needs of our customers. One of these needs would be *flexibility* and I can name many examples where my team has exceeded our customers' expectations. This is a credit to the entire Alliance family and underpins the culture for which I receive regular compliments from our customers.

Our fleet strategy remains simple as we continue to develop our F70 capability to meet the changing needs of our customers in the pursuit of operational and cost efficiency.

One of the great challenges that every business in this country has to deal with is the time that is required to maintain cost control, particularly over labour costs. The past 12 months have seen a rise in the pressure this places on our business particularly in the maintenance of aircraft, both in terms of the cost of Australian sourced parts and labour.

With a Net Profit after Tax (NPAT) result of \$10.3 million, this is down on the previous year however is reflective of a business that is transitioning its fleet from a significant proportion of wet lease income to delivering on long term sustainable contract income.

In August 2014, we released a presentation to the market that summarised our results for the 2014 financial year. Whilst this result is less than previous years, we are always focussed on making sure that Alliance is positioned for the future. During this period of change we continued to invest in aircraft maintenance and have secured access to a pipeline of spare parts to economically support the flying activities of the Fokker fleet for many years to come.

We look forward to the Commonwealth Government implementing the wide range of recommendations from the recently published Aviation Safety Regulation Review. These much needed changes will go a long way towards reducing the unnecessary regulatory burden and inefficiency that our industry has endured for many years.

As we look to the future, I know that Alliance has the right fleet, infrastructure and staff to deliver on the respective goals of all of our stakeholders

I would like to thank each and every staff member for assisting Management with the continued changes during the year. Whether it is cabin crew, the engineering staff, a pilot or any member of the administrative team, it is each of you that make Alliance what it is today.

Scott McMillan
Managing Director
14 October 2014

For more information contact:
Scott McMillan
Managing Director
Alliance Aviation Services Limited
61 7 3212 1212