



**APPENDIX 4E
PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021
(PREVIOUS CORRESPONDING PERIOD: YEAR ENDED 30 JUNE 2020)**

RESULTS FOR ANNOUNCEMENT TO MARKET

		FY2021 \$'000	FY2020 \$'000
Revenue	down 20%	256,152	321,820
Loss before tax	down 74%	(7,217)	(27,416)
Loss after tax	down 75%	(4,864)	(19,397)
Loss after tax attributable to members	down 75%	(4,864)	(19,397)

Dividends Paid (Ordinary Shares)	Amount Per Security	Franked Amount Per Security
Final / Interim dividend:		
- current reporting period	-	-
- previous reporting period	-	-

Loss per Ordinary Fully Paid Share (EPS)	Current Period	Previous Corresponding Period
Basic loss	(4.4) cents	(17.8) cents
Diluted loss	(4.4) cents	(17.8) cents

Net Tangible Asset Backing Per Ordinary Security	\$1.57	\$1.59
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The Financial Year (FY) 2021 saw the Group report a statutory after tax loss of 4.9M. Excluding non-cash fair value adjustments in relation to the funding agreement entered into with PAG, the Group reported an underlying after tax loss of \$12.7M.

This deterioration from the Half Year FY21, where the Group reported after tax profits of \$9.9M, was attributable to reduced passenger revenue with the COVID-19 pandemic continuing to adversely impact aviation industry, and the majority of government support was received in the first half-year.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

	2021 \$'000	2020 \$'000
Passenger revenue	125,172	213,156
Freight revenue	1,114	1,326
Charter revenue	30,944	29,721
Other passenger services and amenities	116	1,188
Other revenue	11,380	14,334
Total revenue	168,726	259,725
Government grants and subsidies including JobKeeper	87,426	62,095
Total revenue, government grants and subsidies	256,152	321,820
Finance income	163	556
Other losses	(242)	(824)
Flight and port operation costs (excluding fuel)	(47,634)	(49,373)
Fuel costs	(24,762)	(33,390)
Derecognition and discontinuation of fuel hedges	(3,474)	(2,411)
Salaries and employee-related costs	(108,004)	(103,938)
Selling and marketing costs	(6,340)	(6,686)
Engineering and maintenance costs	(45,948)	(56,233)
Office and general administration costs	(11,697)	(8,684)
Finance costs	(2,411)	(850)
Depreciation and amortisation	(20,783)	(21,932)
Asset impairment	(3,401)	(62,084)
Facility fee amortisation	(3,329)	-
Fair value gain on convertible notes, warrants	14,493	-
Fair value on fuel swaps	-	(3,387)
Total costs and expenses	(263,290)	(348,968)
Loss before tax	(7,217)	(27,416)
Tax benefit	2,353	8,019
Loss after tax	(4,864)	(19,397)
Loss attributable to		
Members of the parent	(4,864)	(19,397)
	(4,864)	(19,397)

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME OR LOSS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

	2021 \$'000	2020 \$'000
Loss after tax	(4,864)	(19,397)
Other comprehensive income/(loss)		
Hedge reserve		
Revaluation of cash flow hedges	4,809	(5,176)
Income tax effect	(1,442)	1,553
Other comprehensive income/(loss), net of tax	3,367	(3,623)
Total comprehensive income/(loss) for the year	(1,497)	(23,020)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	2021 \$'000	2020 \$'000
Current assets		
Cash and bank balances	30,112	11,198
Trade and other receivables	17,391	18,353
Imputed facility fees	7,994	-
Inventories	11,590	8,410
Current tax assets	9,114	-
Other financial assets	-	40
Total current assets	76,201	38,001
Non-current assets		
Other receivables	9,926	7,114
Imputed facility fees	12,659	-
Inventories	8,658	11,303
Investments – fair value through equity	9	9
Deferred tax assets	17,530	22,537
Other financial assets	620	-
Property, plant and equipment		
Aircraft	139,650	92,272
Other property, plant and equipment	82,512	80,145
Right-of-use assets	65,386	1,283
Other intangible assets	791	181
Total non-current assets	337,741	214,844
Total assets	413,942	252,845
Current liabilities		
Trade and other payables	26,792	19,483
Unearned revenue	30,279	16,027
Interest bearing liabilities	10,228	14,220
Lease liabilities	8,156	130
Provisions	12,014	8,117
Current tax payable	-	7,689
Other financial liabilities	627	6,255
Total current liabilities	88,096	71,921
Non-current liabilities		
Interest bearing liabilities	28,322	-
Convertible notes	44,411	-
Derivatives – warrants	15,079	-
Lease liabilities	61,609	2,329
Provisions	3,022	2,949
Other financial liabilities	-	1,988
Total non-current liabilities	152,443	7,266
Total liabilities	240,539	79,187
Net assets	173,403	173,658
Equity		
Issued capital	72,024	72,024
Reserved shares	188	(628)
Retained earnings	97,796	102,660
Share-based payments reserve	1,809	1,383
Other reserves	1,586	(1,781)
Total equity	173,403	173,658

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

	2021 \$'000	2020 \$'000
Receipts from customers	201,834	275,594
Proceeds from government grants and subsidies	83,593	64,318
Payments to suppliers, employees and others	(252,986)	(292,909)
Interest paid	(2,411)	(850)
Income tax paid	(10,885)	(5,311)
Net cash flows from operating activities, government grants and subsidies	19,145	40,842
Interest received	163	556
Proceeds from disposal of property, plant and equipment	(94)	27
Payments for acquisition of business	-	(8,650)
Payments for aircraft under construction	(59,036)	(21,845)
Payments for property, plant and equipment - aircraft and other	(12,954)	(17,747)
Payments for property, plant and equipment - software	(768)	(127)
Net cash flows used in investing activities	(72,689)	(47,786)
Dividends paid	-	(8,725)
Shares purchased as reserve shares	(446)	(623)
Salary sacrifice - payment for shares	4	-
Lease liabilities paid	(1,431)	(385)
Proceeds from interest bearing liabilities - non-related parties	93,346	26,523
Repayment of interest bearing liabilities - non-related parties	(19,015)	(20,375)
Net cash flows from / (used in) financing activities	72,458	(3,585)
Net increase / (decrease) in cash held	18,914	(10,529)
Cash at the beginning of the year	11,198	21,727
Cash at the end of the year	30,112	11,198

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

	Attributable to equity holders of the Company						
	Issued capital \$'000	Reserve d shares \$'000	Retained earnings \$'000	Share-based payments reserve \$'000	Cash flow hedge reserve \$'000	General reserve \$'000	Total equity \$'000
At 1 July 2019	72,024	(1,163)	131,165	1,551	252	1,590	205,419
Adjustment on adoption of AASB 16 Leases	-	-	(383)	-	-	-	(383)
Restated balance at 1 July 2019	72,024	(1,163)	130,782	1,551	252	1,590	205,036
Loss for the year	-	-	(19,397)	-	-	-	(19,397)
Other comprehensive loss, net of tax	-	-	-	-	(3,623)	-	(3,623)
Total comprehensive income/(loss) for the year	-	-	(19,397)	-	(3,623)	-	(23,020)
Dividends paid	-	-	(8,725)	-	-	-	(8,725)
Shares purchased as reserve shares	-	(623)	-	-	-	-	(623)
Share gift issued – gift	-	1,158	-	(1,158)	-	-	-
Share gift plan provision	-	-	-	990	-	-	990
At 30 June 2020	72,024	(628)	102,660	1,383	(3,371)	1,590	173,658
At 1 July 2020	72,024	(628)	102,660	1,383	(3,371)	1,590	173,658
Loss for the year	-	-	(4,864)	-	-	-	(4,864)
Other comprehensive gain, net of tax	-	-	-	-	3,367	-	3,367
Total comprehensive income/(loss) for the year	-	-	(4,864)	-	3,367	-	(1,497)
Shares purchased as reserve shares	-	(446)	-	-	-	-	(446)
Share gift issued – gift	-	1,262	-	(1,262)	-	-	-
Share gift issued - salary sacrifice	-	-	-	4	-	-	4
Share gift plan provision	-	-	-	1,502	-	-	1,502
Share options provision	-	-	-	182	-	-	182
At 30 June 2021	72,024	188	97,796	1,809	(4)	1,590	173,403

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 (CODM) in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's Executive Chairman ('CODM') for the purposes of resource allocation and assessment of performance is more specifically focused on the category of customer for each type of service. During the period, the CODM has placed additional emphasis on the review of discrete financial information pertaining to the training centres and therefore, as of the current period, is considered a separate operating segment. This represents a change in segmentation compared to prior period, which only included regular public transport and charter as reportable segments.

The Group's reportable segments under AASB 8 are as follows:

- Regular public transport
- Charter and other
- Training

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 period under review:

	Revenue		Segment result	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Continuing operations				
Regular public transport	127,378	217,778	(80,664)	(78,436)
Charter and other	30,944	29,721	6,672	(686)
Training	10,404	12,226	(6,464)	(587)
	168,726	259,725	(80,456)	(79,709)
Government grants and subsidies	87,426	62,095	87,426	62,095
Finance income			163	556
Other losses			(242)	(824)
Central administration costs and directors' salaries			(11,697)	(8,684)
Finance costs			(2,411)	(850)
Loss before tax			(7,217)	(27,416)
Tax benefit			2,353	8,019
Consolidated segment revenue and loss	256,152	321,820	(4,864)	(19,397)

The revenue reported above represents revenue generated from external customers and government grants and subsidies. There were no intersegment sales.

Segment result represents the profit earned by 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.

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

	Assets		Liabilities	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Continuing operations				
Regular public transport	295,821	180,692	118,131	19,674
Charter and other	103,714	53,216	96,598	44,199
Training	14,407	18,937	25,810	15,314
Total assets and liabilities	413,942	252,845	240,539	79,187

Other segment information for the year is as follows:

	Depreciation and amortisation		Additions to non-current assets	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Continuing operations				
Regular public transport	19,432	15,478	81,803	28,171
Charter and other	3,332	5,357	59,044	21,853
Training	1,348	1,097	141	693
	24,112	21,932	140,988	50,717

**REVENUES AND EXPENSES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

	2021 \$'000	2020 \$'000
Other revenue		
Training income	10,071	12,032
Sales of engineering parts	127	1,402
Rental income	269	264
Insurance claim	450	-
Training subsidy	47	38
Other income	416	598
	11,380	14,334
Finance income		
Interest	163	556
	163	556
Other losses		
Net foreign currency loss	(336)	(1,057)
Gain on acquisition of business	-	231
Gain on disposal of property, plant and equipment	94	2
	(242)	(824)
Salaries and employee-related costs		
Wages and salaries	(98,493)	(94,710)
Superannuation costs - defined contribution plan	(7,271)	(6,764)
Expense of share-based payments	(1,684)	(990)
Workers' compensation costs	(556)	(1,474)
	(108,004)	(103,938)
Office and general administrative costs		
Bad debts written-off	(114)	-
	(114)	-
Finance costs		
Interest expense on bank borrowings and lease liabilities	(2,411)	(850)
	(2,411)	(850)
Depreciation and amortisation		
Depreciation and amortisation of property, plant and equipment	(16,544)	(21,453)
Depreciation of right-of-use assets	(4,127)	(358)
Amortisation of facility fee	(3,329)	-
Amortisation of development costs and software	(112)	(121)
	(24,112)	(21,932)
Impairment		
Asset impairment		
- Property, plant and equipment – aircraft	(3,401)	(22,504)
- Property, plant and equipment – other	-	(29,852)
- Right of use assets	-	(603)
- Other intangible assets	-	(87)
- Consumable Inventories	-	(8,520)
Goodwill impairment	-	(518)
	(3,401)	(62,084)

INCOME TAX RECOGNISED IN PROFIT OR LOSS

	2021 \$'000	2020 \$'000
Tax benefit comprises:		
Current year tax (benefit) / expense	(5,595)	10,732
Prior year under provision	(240)	-
Deferred tax expense / (benefit) from temporary differences	3,482	(18,751)
Total tax benefit	(2,353)	(8,019)
Pre-tax accounting loss from operations reconciles to tax benefit in the financial statements as follows:		
Pre-tax loss from operations	(7,217)	(27,416)
Tax at the applicable rate of 30%	(2,165)	(8,225)
Prior year under provision	(240)	-
Tax on non-deductible expenses	52	206
Tax benefit	(2,353)	(8,019)
Effective tax rates	32.6%	29.2%

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

CASH AND CASH EQUIVALENTS

	2021 \$'000	2020 \$'000
Cash and bank balances	2,312	11,198
Term deposits	27,800	-
	30,112	11,198

DIVIDENDS

In respect of results for FY2021, the directors have recommended no dividends to be paid out given the uncertain and challenging conditions arising from the COVID-19 crisis.

GOING CONCERN

The preliminary final report has been prepared on a going concern basis. In preparing the preliminary final report the directors note that the Group is in a net current asset deficiency position due to the nature of the operations whereby customers make payment for booked flights prior to the flights being taken as well as the impact of COVID-19. The directors are of the opinion that the Group will have sufficient cash available to meet all commitments and working capital requirements for a period not less than 12 months from the date of this report. The directors are satisfied that the going concern basis of preparation is appropriate.

AUDIT STATUS

This report is based on financial statements which are in the process of being audited.

REPORT DATE: 31 August 2021