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26 October 2016

**Alliance Aviation Services Limited (ASX code: AQZ)
Partial Early Release of Austrian Airlines AG Voluntary Escrow**

The Board of Alliance Aviation Services Limited (**Alliance**) has offered and Austrian Airlines AG (**Austrian Airlines**) have agreed to the early release from voluntary escrow of 4,550,000 shares held in Alliance.

On 25 November 2015, Alliance issued Austrian Airlines 14,565,174 shares at \$0.52 per share in connection with Alliance's acquisition of 21 aircraft from Austrian Airlines (Fleet Transaction).

Under the terms of the Fleet Transaction, those shares were subject to voluntary escrow for a period of 12 months from the final aircraft delivery from Austrian Airlines to Alliance, which is scheduled to occur on 4 December 2017. This means the original voluntary escrow period expired on 4 December 2018.

The early release of the 4,550,000 from voluntary escrow means Austrian Airlines may, in accordance with Listing Rule 3.10A, trade those shares on or after 11th November 2016. Austrian Airlines' remaining 10,015,174 shares in Alliance remain subject to voluntary escrow until 4 December 2018.

Austrian Airlines have advised that they are committed to maximising their sale price with no deadline placed on the sale of these shares. This will ensure Austrian Airlines protect the value of their remaining shareholding and that of their fellow shareholders.

Scott McMillan, Managing Director of Alliance, said:

'The Fleet Transaction has substantially improved the economic life of the Alliance Fokker fleet and enabled us to develop a new aircraft and parts trading business. We continue to expand our strong relationship with Austrian Airlines, both through the Fleet Transaction and the base maintenance provided by Austrian Airlines subsidiary Austrian Technik Bratislava. This has substantially reduced our CAPEX requirements, significantly improving cash flow and simplifying our business. The partial early release of Austrian Airlines' shares in Alliance recognises the benefit to Alliance of the strong relationship with Austrian Airlines, and will assist with the longer term liquidity of Alliance shares. We have received feedback from existing and new shareholders that an increase in liquidity would be beneficial to all shareholders.'

Mr. Klaus Stöger, Head of Treasury and EVP (Prokurist) of Austrian Airlines, said:

'We are pleased that Alliance has offered a partial early release from voluntary escrow of our shares in Alliance. Our relationship with Alliance is very important to us and we are totally committed to maximising the sale price of any Alliance shares we sell in the future.'

[ends]

About Alliance

Alliance Aviation is Australasia's leading provider of contract and air charter services.

The Company provides essential services to mining, energy, tourism and government sectors and holds IATA's IOSA certification and Flight Safety Foundation "BARS Gold" status, the first such carrier in Australia to be so recognised.

The Australian business currently operates a fleet of 16 Fokker F100, 8 Fokker 70LR jet aircraft and 5 Fokker 50 turboprops at world leading on time performance and despatch reliability.

The Company has an Australasian footprint with operations based in Brisbane, Townsville, Cairns, Melbourne, Adelaide, Perth and Auckland.

In November 2015, Alliance entered into a contract with Austrian Airlines AG for the purchase of 21 Fokker aircraft to allow for revenue diversification with aircraft and part sales.

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