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Alliance Aviation Services Limited (ASX code: AQZ)

Alliance Announces Sale of First Aircraft from European Fleet Purchase

- Alliance Airlines strongly placed to generate revenue from Austrian purchase in FY2017 from the sale of aircraft, engines and parts
- Delivery in Perth late yesterday of the first aircraft of a three aircraft sales contract
- The remaining two aircraft to be delivered in H1FY17
- Confirms Alliance's strategy of diversifying revenue streams as announced in November 2015 which also includes the provision of proven expertise to project manage and deliver high quality aircraft and spare parts
- Transaction incremental both in terms of cash generation and profitability

European Operations

On 25 November 2015, Alliance Aviation Services Limited (Alliance) announced that it had entered into a contract with Austrian Airlines AG for the purchase of 21 Fokker aircraft. This transaction established a European operation which would:

- Diversify and grow the Alliance revenue streams;
- Complement our existing business; and
- Improve returns to shareholders in the medium term.

Alliance is pleased to report that this business continues to develop consistent with expectations.

As at today's date, five aircraft have been delivered to Alliance by Austrian Airlines AG. These aircraft were funded from the share placement in December 2015.

Of these five aircraft:

- Two have been contracted for sale (a third sale aircraft has not yet been delivered)
- Two are being incorporated into the Alliance fleet as announced on 6 July 2016
- One is in storage in Bratislava

Alliance has successfully established its operations in Europe employing 3 locally based staff and further supported by Austrian Technik Bratislava (ATB).

The long term strategy for this operation remains a combination of aircraft sales, wet and dry leasing, engine sales and leasing and spare parts.

First Aircraft Sale

Alliance announces that it has completed the first sale of a fully Australian certified Fokker 100 which was delivered in Perth late yesterday.

This project was managed by Alliance Engineering teams based in Bratislava, Brisbane and Perth.

This delivery is the first of three aircraft that Alliance is contracted to provide to Qantas Airways Limited subsidiary, QantasLink, which was announced by that airline in February 2016.

Speaking after the settlement, Alliance Managing Director Scott McMillan said “Alliance has again proven that it is able to manage and complete complex aircraft projects including the full refurbishment and Australian certification of European sourced aircraft”

Mr McMillan also commented “This work undertaken jointly by ATB and Alliance reaffirms the strong relationship that has developed with ATB and the broader Austrian Airlines Group and highlights the significant combined experience both companies have with Fokker aircraft”

Revenue Diversification

The results from this sale and future aircraft and spare parts sales will be recognised in FY17 and demonstrate the diversification of new and sustainable Alliance revenue streams as outlined in November 2015.

[ENDS]

About Alliance

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

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

Alliance currently operates a fleet of 15 Fokker 100, 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.

For more information contact:

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