

MELBOURNE AVIATION GROUP PTY. LTD.

ABN 62 004 589 557 -ACN 004 589 557

INFORMATION SHEET

14 May 2008

Introduction

Melbourne Aviation Group is a limited liability company that operates two aircraft for the **purpose of providing private flying to its members**. The members comprise 38 shareholders and 4 supernumeraries. Supernumerary members have the same privileges and responsibilities as shareholders except a vote at the AGM and nominating and standing for office. All fixed costs are collected through an annual levy while all variable costs, including provision for engine overhaul and other maintenance, are charged on an aircraft usage basis.

Company Organisation and Charter

MAG was incorporated on 13 December 1963 under the Companies Act 1961 and does not pay a dividend.

All flying shareholders and supernumeraries are required to hold a current GFPT or higher license.

MAG has a Board of Directors, which includes the Chairman and Company Secretary. The day to day running of the Company (accounts, finance, bookings, maintenance, secretariat, etc) is carried out by nominated Directors and assistants. See Appendix A for an outline of the main tasks.

MAG main objective is to provide shareholders and supernumeraries with 'the best aircraft at the lowest cost'. These are conflicting ideals in theory but we have achieved a satisfactory compromise.

Aircraft

The Company currently operates a Cessna 182S (VH-CXZ) and a Piper Archer II (VHNBE). (Please refer to Appendix B for details of flying and other charges relating to the aircraft). Both aircraft are IFR equipped and are located at Moorabbin near the RVAC hangar.

Joining MAG

MAG shares are obtained when an existing shareholder decides to sell his or her shares. The selling price is negotiated directly between the buyer and the seller. While the selling shareholder usually gives first offer to a supernumerary, they are free to sell to any licensed pilot.

To become a supernumerary, a deposit with the company is required for an amount of \$15,000 plus an \$88 (including GST) non-refundable joining fee. When a share becomes available, and a selling price finalized, the money held by the company will be paid to the seller. The supernumerary will then be liable to make up any difference before settlement or, receive a refund from the company.

When joining MAG (whether you are coming in as a supernumerary or directly as a shareholder) a prerequisite is having adequate proficiency and therefore a familiarisation flight is required with a flight instructor (currently this done by one of our flight instructor members at no cost). Under the MAG charter, the company has the right to veto all new members.

Shareholder and Supernumerary Privileges and Responsibilities

The rules under which MAG operates are contained in the company Service Agreement. A copy will be provided to the incoming member at the time of settlement (the document can also be downloaded from the MAG booking site). This is an important document with which all members need to be familiar. Some key points are:

- Shareholder and supernumerary pilots may book and fly our aircraft subject to the relevant CAO's, CAR's etc. and the Company's Service Agreement.
- A locker key is provided to gain access to aircraft keys, Flight Logs, etc.
- Currency - Pilots must be current in terms of recent experience requirements, license validity and Biennial Flight Review when acting as pilot in command of our aircraft. If you have not flown within 90 days, a check flight with a qualified instructor is required.
- Failure to observe relevant CAO's and CAR's may prejudice insurance cover.
- Insurance -Comprehensive Insurance cover is held on MAG aircraft plus legal liability against claims which may be made by passengers or third parties up to a total of \$5million.
- Bookings -Aircraft may be booked for a maximum of two weeks without Board approval. Bookings for longer periods require consideration by and approval by the

- Dry rates are available for flights meeting the criteria specified in the Service Agreement.
- Daily Inspection – The Pilot in Command is responsible for the inspection and making an entry in the Maintenance Release.
- Only shareholder/ supernumerary pilots and qualified instructors/ examiners giving shareholders/ supernumerary pilots checks/ instruction/ endorsements/ tests are permitted to fly MAG aircraft.
- Pilots who are not financial for more than 60 days are not allowed to book or fly the aircraft until their account is paid.

General Matters

MAG claims to be the oldest Company of its kind in Australia. This success has depended on:

- Strict observance of our rules.
- Complete honesty with Flight Log entries, e.g. reporting heavy landings, proper engine handling, etc.,
- Prompt payment of monthly accounts.
- Care of YOUR aircraft at all times.

Detailed privileges and responsibilities are contained in the Service Agreement that is issued to all shareholders and supernumeraries and periodically updated.

There are occasional wash and polish working bees. Notice is given either by newsletter, email or by telephone.

The Annual General Meeting is held around October each year. Due notice is given. During the 'General Business' session, shareholders are encouraged to express their views. At other times, suggestions, complaints, requests, etc., may be made to the Secretary (in writing), or to the responsible Director for necessary action.

Prospective purchasers are invited to inspect the company books before purchasing.

Additional Information

Additional information can be obtained from the MAG web site at www.mag.com.au

APPENDIX A

Melbourne Aviation Group Pty Ltd Organisation

Board of Directors

Chairman	Peter Cossins
Directors	Bob Hayter
	Rodney Hunt
	Andrew Stopp
	Rodney Richards
	Russel Barnes
	Michael Ralph

Company Management

Chairman -P. Cossins Deputy

Chairman -R. Hayter Company

Secretary –Russel Barnes Finance

Director -R. Hunt Accountant -(J.

Riley – Shareholder) Maintenance

Director -R. Hayter Accounts -R. Hunt

APPENDIX B

CHARGES

Fixed Levy

Fixed costs (Insurance, FAC Gait charges, Administrative expenses, etc.) are recovered by an annual levy set around the beginning of each financial year. The 2008/2007 levy is \$750

Flying Rates (as at 1st May 2008)

The flying rate is set to recover all variable costs and includes provision for future maintenance (eg. engine overhaul).

Wet rates \$/hour		Dry Rates \$/hour	
VH-CXZ	\$177.00	\$90.00	By Airswitch
VH-NBE	\$139.00	\$78.00	By Tacho

N.B. all rates include GST. Air Services Australia TNC/ERC/MET charges and landing charges are extra. Rates vary in line with costs; fuel fluctuations sometimes require monthly variations.

Late Payment Charge

3% per month, subject to a minimum of \$20

Joining fee

A one off non-refundable fee of \$88 (including GST) is charged to supernumeraries/new share purchasers.