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29 August 2011

SKYWEST AIRLINES LTD

("Skywest" or "the Company")

UNAUDITED RESULTS FOR THE YEAR ENDED 30th JUNE 2011

Skywest, parent to the Australian and South East Asia regional airline and other subsidiaries ("the Group"), is pleased to announce its unaudited consolidated results for the year ended 30th June 2011.

Highlights in Results and Business

- Skywest continues to improve revenues and profits alongside an overall business expansion;
- Excellent On Time Performance;
- Geared up business for the expansion resulting from new turbo prop services for the Virgin Australia network. Scaling up from 17 existing aircraft by adding up to 18 new aircraft pursuant to the Virgin Australia contract;
- 11% increase in revenues to SGD 240m - up from SGD 215.20m in 2010;
- Group EBITDAR for the year SGD 52.01m;
- 7% increase in Group Net Profit after Tax for the year increased to SGD 9.85m notwithstanding one off expenditures;
- A progressive 12% increase in proposed unfranked Final Dividend of 1.23 (Singapore cents) per share; and
- Successfully introduced what is believed to be the largest aircraft used for Fly-In Fly-Out mining operations and expensed the cost of this introduction.

The results for the Group's full financial year ended 30 June 2011, based on the unaudited Financial Statements (pursuant to International Financial Reporting Standards "IFRS") and reported in Singapore Dollars "SGD" or "\$" are as follows (for the convenience of international shareholders, additional columns are included to show to denote an equivalent value in Pounds Sterling "GBP" and Australian Dollars "AUD"):

| Consolidated 12 months ended 30 June 2011 | Unaudited | GBP Equivalent ⁽ⁱ⁾ | AUD Equivalent ⁽ⁱⁱ⁾ |
|--|-------------|----------------------------------|-----------------------------------|
| | In SGD | In GBP | In AUD |
| Revenue from ordinary activities | 239,910,036 | 116,572,286 | 187,840,617 |
| | | | |
| EBITDAR | 52,015,609 | 25,274,384 | 40,726,283 |
| (Earnings Before Interest, Tax, Depreciation and Aircraft Rentals) | | | |
| | | | |
| Net Profit after income tax | 9,849,204 | 4,785,728 | 7,711,560 |
| | | | |
| Profit attributable to shareholders | 9,849,204 | 4,785,728 | 7,711,560 |
| | | | |
| Basic earnings per share | 4.93 cents | 2.40 pence | 3.86 cents |
| | | | |
| Proposed Final Dividend per share (iii) | 1.23 cents | IV. | IV. |
| | | | |
| Proposed Dividend Payout Ratio | .25 | N.A. | N.A. |
| | | | |

Notes:

- I. In this announcement, the applicable exchange rate between SGD and GBP was taken to be the average exchange rate of 1: 0.4859 which was used in the presentation of the accounts.*
- II. In this announcement, the applicable exchange rate between SGD and AUD was taken to be the average exchange rate of 1: 0.78296 which was used in the presentation of the accounts.*
- III. The timetable and exchange rate for the payment of the proposed final dividend will be announced when, and if payment of the dividend is approved by shareholders.*
- IV. The proposed dividend payout in GBP and AUD to investors will be calculated at the time of the upcoming 2011 AGM.*
- V. For clarity and certainty the Company will be announcing and reporting its results solely pursuant to International Financial Reporting Standards ("IFRS").*

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Chairman's Statement regarding the Group's Operations and Unaudited Financial Results

Dear Fellow Shareholders,

On behalf of the Board of Directors, we present you with the unaudited financial results for Skywest Airlines Ltd ("the Company") and its subsidiaries ("the Group") for the year ended 30th June 2011. I also take this opportunity to update you on the development and progress that our Group has made.

The last 12 months of operations have been the basis for continued growth and expansion laid down by the Company. Alongside its existing business involving the operation of 17 aircraft, the Company is in the process of gearing up to operate a wet-lease for Virgin Australia of up to 18 new ATR-72 turbo prop aircraft. Virgin Australia and Skywest are establishing the Australian Regional Airline Network (ARAN) which was announced on the 10th of January 2011. As at the date of this report the first two aircraft have been delivered with a plan for operation commencing October 2011. The scale of this wet-lease is significant and provides Skywest with the opportunity to geographically diversify its business operations and expand its fleet substantially. The arrangement with Virgin also provides Skywest with the opportunity to renew its existing aircraft fleet over the medium term with highly fuel efficient, low CO₂, new aircraft. Skywest has no material ongoing capital exposure to the Virgin Australia operation and receives a fixed fee per hour to fly the aircraft together with incentives for cost lowering initiatives and code share opportunities.

It is fair to say that during the second half of the year the management resources of the Group were highly focussed on establishing the new Virgin ARAN network. The ARAN network is primarily on the East Coast of Australia, which is the ideal compliment to Skywest current West Coast operations.

At the same time, the executive management team managed to successfully grow the revenues and profits of the existing business. Revenues increased to SGD 239.9m over the period. The consolidated net profit after tax was SGD 9.84m with earnings per share of SGD 4.93 cents. The consolidated EBITDAR was SGD 52.01m.

The last 12 months of operations have been conducted in an extremely volatile operating environment for the Airline with persistently high jet fuel cost. Year on year the Group's fuel costs increased by SGD10.5m. As reported at the half year, there was a substantial cost involved in the introduction of the A320-200 aircraft. The A320-200 one off introduction costs expensed were AUD 2.82m (equivalent to SGD 3.60 m). An additional one off cost faced by the Company was the acquisition and fit out of a new aircraft hanger to suit the larger aircraft, costing AUD 0.7m (equivalent to SGD 0.89 m). Notwithstanding these one offs the Board believes the financial results are excellent. The profits are up 7% on last year and revenue has increased by 11%.

The A320 investment has resulted in a successful entry into service of that type. It is believed that this is the largest aircraft in the world to be operating on a mining charter contract supporting the Fly-in Fly-out (FIFO) market. Indeed the Company is considering the introduction of a second A320 aircraft for similar utilisation.

A DIVIDEND CONSISTENT WITH POLICY

The Board recognises the importance of rewarding shareholders as the owners of the Company and is therefore recommending that shareholders receive a final dividend payment of 1.23

Singapore cents per share, this is a payout ratio of 25%. The dividend has increased by 12%. This is precisely consistent with the dividend policy announced on the 24th of March 2011. The proposed dividend record date and payment timetable will be announced in due course, along with the Notice of the Company's forthcoming Annual General Meeting ("AGM"), which is anticipated to be held in November.

BUSINESS TRADING AND OUTLOOK

The Group is pleased to be part of a historic event with the arrival of the first new ATR 72-500 aircraft to be used in commercial service in Australia for Virgin Australia. It is anticipated that revenues from the Virgin Australia wet lease will commence from October 2011. According to plan, four ATR-72 aircraft will be delivered by December 31st 2011. As at the date of this announcement two aircraft have successfully been delivered. The ARAN arrangement could potentially double the size of Skywest from its current fleet of 18 planes to potentially 38 aircraft or more.

Executives from the Group have been in regular discussion with large mining customers regarding their expansion plan in the next two to three years, and are of the view that there is significant potential for growth in the FIFO market. The Group considers itself well placed to benefit from future growth in this market given its capability of providing and procuring additional aircraft to meet increasing demand. This capability has been proven by the successful delivery to Australia of the new ATR-72 during the course of this calendar year.

Among high capacity Air Operator Certificate Holders in Australia, Skywest's on time performance was respectable. According to the Australian Government's Department of Infrastructure and Transport's report, Skywest's on time performance was at 85.8 per cent during the financial year; Qantas was at 83.8 per cent, Virgin Australia at 79.9 per cent followed by QantasLink at 78.5 per cent.

RISKS

Risks faced by the business remain the normal commercial risks and typical airline industry related risks. The Company and its shareholders must anticipate a possible slow down in the rate of growth due to the global crisis of confidence in the broader economy associated with the credit institutions. A proposed Australian Government CO2 financial impost may impact the cost of operations of the Company. This year has further demonstrated the impact of significant rapid changes in exchange rate and fuel costs. These two factors still represent a significant risk to the business. Higher Australian domestic fuel prices, if combined with a lowering in the value of the Australian dollar, cause increased overall costs to the Airline's operations. The Company does attempt to mitigate changes in fuel costs by way of hedging, however, rapid and massive changes can quickly impact the finances of the Group with significant consequences.

The policies of the Western Australian Government may impact access to some of the airports that the Airline currently serves. In the worst case, the Government could potentially restrict access to certain ports or introduce unsustainable levels of competition to airports that cannot support competition. Overall, the Board is unable to provide shareholders with any exact guidance about future profit expectations in light of the unstable global economic outlook, uncertain passenger demands, volatile exchange rates and fuel prices that impact on the Airline's business.

I would like to take this opportunity to thank you, as the shareholders, for your continued support during this exciting but challenging period in the Company's operations and look forward to keeping you updated on the progress of the Group.

In due course, the Company will publish its Annual Report and Notice for the forthcoming Annual General Meeting. Accompanying documents will also be accessible to shareholders on the Company's website at www.advent.com.sg.

Jeff Chatfield
Executive Chairman,
Singapore

Unaudited Consolidated Statement of Comprehensive Income
For the year ended 30 June 2011
In Singapore Dollars

| | 2011 | 2010 |
|--|--------------------------|-------------------------|
| | S\$ | S\$ |
| Revenue | 239,910,036 | 215,204,636 |
| Other income | 2,424,079 | 830,297 |
| Aircraft operating costs (excluding fuel costs) | (35,919,376) | (37,213,545) |
| Fuel costs | (56,044,417) | (45,514,935) |
| Employee benefits | (60,502,807) | (46,461,429) |
| Sales and marketing costs | (4,944,585) | (5,484,762) |
| Engineering and maintenance costs | (21,631,229) | (19,593,403) |
| Office and general administrative expense | (8,254,880) | (6,434,474) |
| Other expenses | (3,021,212) | (2,759,237) |
| Earnings before rental of aircraft, depreciation and finance cost | <u>52,015,609</u> | <u>52,573,148</u> |
| Aircraft lease rental and hire charges | (18,924,001) | (22,810,036) |
| Depreciation and amortisation | (18,788,309) | (14,859,315) |
| Finance costs | (746,632) | (886,310) |
| Profit before tax | <u>13,556,667</u> | <u>14,017,487</u> |
| Income tax expense | (3,707,463) | (4,783,610) |
| Profit for the year | <u>9,849,204</u> | <u>9,233,877</u> |
| Other comprehensive income | | |
| Loss on cash flow hedge | (579,275) | – |
| Foreign currency translation | 3,267,536 | 345,664 |
| Other comprehensive income for the year, net of tax | <u>2,688,261</u> | <u>345,664</u> |
| Total comprehensive income for the year | <u><u>12,537,465</u></u> | <u><u>9,579,541</u></u> |
| Profit attributable to owners of the parent | <u><u>9,849,204</u></u> | <u><u>9,233,877</u></u> |
| Total comprehensive income attributable to owners of the parent | <u><u>12,537,465</u></u> | <u><u>9,579,541</u></u> |
| Earnings per share | | |
| - Basic (in cents) | 4.93 | 4.71 |
| - Diluted (in cents) | <u>4.89</u> | <u>4.69</u> |

Unaudited Consolidated Statement of Financial Position
As at 30 June 2011
In Singapore Dollars

| | 2011 S\$ | 2010 S\$ |
|--|--------------------|---------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 62,782,426 | 58,235,854 |
| Intangible assets | 17,189,508 | 17,201,255 |
| Other receivables | 2,571,984 | 2,947,471 |
| Prepayments | 4,769,019 | 7,049,781 |
| | <u>87,312,937</u> | <u>85,434,361</u> |
| Current assets | | |
| Inventories | 5,128,926 | 4,441,957 |
| Trade and other receivables | 35,975,343 | 23,540,828 |
| Prepayments | 3,231,349 | 2,062,562 |
| Other investments | 466,333 | 456,664 |
| Cash and cash equivalents | 9,966,329 | 12,940,709 |
| | <u>54,768,280</u> | <u>43,442,720</u> |
| Total assets | <u>142,081,217</u> | <u>128,877,081</u> |
| EQUITY AND LIABILITIES | | |
| Current liabilities | | |
| Provisions | 7,154,753 | 4,974,775 |
| Income tax payable | 3,130,843 | 1,952,190 |
| Borrowings | 954,550 | 2,930,993 |
| Trade and other payables | 30,183,472 | 32,774,824 |
| Revenue received in advance | 12,507,276 | 12,091,664 |
| Derivative | 827,535 | – |
| | <u>54,758,429</u> | <u>54,724,446</u> |
| Net current assets/(liabilities) | <u>9,851</u> | <u>(11,281,726)</u> |
| Non-current liabilities | | |
| Provisions | 872,579 | 888,728 |
| Deferred tax liabilities | 11,917,822 | 9,298,998 |
| Borrowings | 2,950,736 | 4,331,541 |
| Other payables | 1,284,116 | 139,870 |
| | <u>17,025,253</u> | <u>14,659,137</u> |
| Total liabilities | <u>71,783,682</u> | <u>69,383,583</u> |
| Net assets | <u>70,297,535</u> | <u>59,493,498</u> |
| Equity attributable to owners of the parent | | |
| Share capital | 43,927,891 | 43,809,091 |

| | | |
|-------------------------------------|---------------------------|---------------------------|
| Reserves | 4,474,575 | 1,417,521 |
| Retained earnings | <u>21,895,069</u> | <u>14,266,886</u> |
| Total equity | <u><u>70,297,535</u></u> | <u><u>59,493,498</u></u> |
| Total equity and liabilities | <u><u>142,081,217</u></u> | <u><u>128,877,081</u></u> |

**Unaudited Consolidated Statement of Cash Flows
For the year ended 30th of June 2011
In Singapore Dollars**

| | 2011 S\$ | 2010 S\$ |
|--|---------------------|---------------------|
| Cash flows from operating activities | | |
| Profit before taxation | 13,556,667 | 14,017,487 |
| Adjustments for: | | |
| Gain on disposal of other investments | (140,328) | (50,291) |
| Fair value (gain)/loss on other investments | (3,122) | 121,931 |
| Loss on disposal of property, plant and equipment | 3,549,148 | – |
| Amortisation of intangible assets | 12,522 | 24,331 |
| Depreciation expense | 18,775,787 | 14,834,984 |
| Warrant expense | 396,003 | 187,997 |
| Interest expense | 746,632 | 886,310 |
| Interest income | (334,130) | (269,234) |
| Banker guarantee income | (158,926) | – |
| Dividend income | (8,829) | – |
| Write-back of provision for inventories obsolescence | – | (404,892) |
| Provision for/(write-back of provision for) aircraft handback | 19,978 | (75,170) |
| Provision for employee benefits | 1,121,364 | 368,446 |
| Provision for structural maintenance | 149,721 | – |
| Unrealised foreign exchange differences | (1,472,520) | (60,286) |
| Operating profit before working capital changes | <u>36,209,967</u> | <u>29,581,613</u> |
| Increase in inventories | (686,969) | (417,946) |
| Increase in trade, other receivables and prepayments | (10,947,053) | (13,077,573) |
| Increase in trade, other payables and provisions | 668,808 | 13,641,830 |
| Cash generated from operations | <u>25,244,753</u> | <u>29,727,924</u> |
| Interest expense paid | (746,632) | (886,310) |
| Interest income received | 334,130 | 269,234 |
| Banker guarantee income received | 158,926 | – |
| Income tax paid | (701,476) | (2,427,116) |
| Net cash generated from operating activities | <u>24,289,701</u> | <u>26,683,732</u> |
| Cash flows from investing activities | | |
| Acquisition and sales of other investments | 133,781 | (300,404) |
| Dividend income received | 8,829 | – |
| Proceeds from disposal of property, plant and equipment | 26,409 | – |
| Acquisition of property, plant and equipment | (21,973,631) | (25,536,623) |
| Net cash used in investing activities | <u>(21,804,612)</u> | <u>(25,837,027)</u> |

Consolidated statement of cash flows (con't)

| | 2011 S\$ | 2010 S\$ |
|---|--------------------|-------------------|
| Cash flows from financing activities | | |
| Release of cash pledged as security | – | 2,446,076 |
| Proceeds from borrowings | – | 5,568,400 |
| Repayment of borrowings | (3,357,248) | (1,575,081) |
| Dividends paid on ordinary shares | (2,221,021) | (2,895,291) |
| Proceeds from issuing shares (net of cost) | 118,800 | 820,000 |
| Purchase of treasury shares | – | (811,900) |
| Proceeds from disposal of treasury shares | – | 1,808,000 |
| Net cash (used in)/generated from financing activities | <u>(5,459,469)</u> | <u>5,360,204</u> |
| Net (decrease)/increase in cash and cash equivalents | (2,974,380) | 6,206,909 |
| Cash and cash equivalents at beginning of year | 12,940,709 | 6,733,800 |
| Cash and cash equivalents at end of year | <u>9,966,329</u> | <u>12,940,709</u> |

Notes:

- 1) The Company intends to declare a final dividend 1.23 cents (Singapore) per share, payment of which is subject to shareholder approval at the upcoming AGM. The timetable for this proposed dividend will be specified in the AGM notice to shareholders.
- 2) The results for the period are derived from continuing activities.
- 3) The unaudited results have been prepared on a going concern basis and on the basis of the accounting policies that will be adopted in the audited accounts for the period ended 30 June 2011.