

Skywest Airlines Ltd
 (“Skywest” or the “Company”, formerly known as Advent Air Ltd)

Audited Preliminary Results for the 12 months ended 30 June 2008

Highlights

- Revenues increased by 41.5% to \$184m up from \$130m the prior year;
- Group EBITDAR increased to \$40.2m up from \$26.6m the prior year with the pre-tax profits increasing to \$14.5m up from \$12.7m in the prior year;
- Group Net Profit after Tax increased to \$10.4m up from \$7.96m the prior year notwithstanding tax charges of \$4.08m; and
- Final Dividend payment for the year of 0.70 cents per share;

The results for the full year ended 30 June 2008 based on the Audited Financial Statements (as audited under International Financial Reporting Standards) as reported are summarised as follows along with an equivalent in Pounds Sterling:

| Consolidated 12 months ended 30 June 2008 | Audited | GBP Equivalent ⁽ⁱⁱ⁾ |
|---|-------------------------|-----------------------------------|
| | In Singapore Dollars | In GBP |
| Revenue from ordinary activities | 184,201,539 | 64,124,240 |
| EBITDAR (earnings before interest, tax, depreciation and aircraft rental) | 40,293,109 | 14,026,837 |
| Net Profit after income tax | 10,400,245 | 3,620,533 |
| Profit attributable to shareholders | 10,400,245 | 3,620,533 |
| Basic earnings per share | 5.22 cents | 1.82 pence |
| Final Dividend per share | 0.70 cents | 0.24 pence |
| Dividend Payout Ratio | 0.28 | 0.28 |

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Notes:

- (i) The Group results are audited under International Financial Reporting Standards.*
- (ii) In this announcement the applicable exchange rate between GBP and SGD at the average exchange rate of 0.34812 which was used in the presentation of the accounts. This exchange rate will be used for the payment of the proposed final dividend.*
- (iii) The Company's results are reported in Singapore Dollars ('\$' or 'SGD'), all references to Dollars are Singapore Dollars unless otherwise stated. References to AUD are to Australian Dollars.*

Executive Chairman's Statement regarding the operations and the results

Dear Fellow Shareholders,

On behalf of your Board of Directors, I am pleased to present to you the audited financial statements for Skywest Airlines Ltd (the "Company") and its subsidiaries for the year ended 30 June 2008 and seek to inform and update you of the progress that our Group has made.

Skywest Airlines celebrated its 45th year of operation this year and your Board is pleased to celebrate this milestone with the best on record profits and revenues in the airline's history. We are happy to report that in respect of the year ending 30 June 2008 that we have succeeded in growing the revenue base of the Group to \$184,201,539 which is approximately a \$50m increase above the prior year. The consolidated net profit after tax was \$10,400,245 with earnings per share of 5.22 cents. The consolidated EBITDAR increased to \$40,293,109. The financial results are entirely satisfactory and the numbers speak for themselves. The businesses had robust cash flows being recorded across the Group.

Your Board recognises the importance of rewarding shareholders - the owners of the Company - therefore, it is recommending that shareholders receive a final dividend payment of 0.7 cents per share. Whilst the proposed dividend is a conservative amount, because the Directors are cognisant of the recent rapid downturn in the general economy and the need for circumspect spending in the current climate, the Board shall continue to strive to maintain a progressive dividend policy going forward. The ex-dividend date for this final dividend is 11 March 2009, the record date is 13 March 2009 and the proposed payment date, subject to shareholder approval at the Annual General Meeting, is 31 March 2009.

TRADING

The Company has engaged, with demonstrable success, a strategy of focusing services on the resources sector of Western Australia and targeting as clients the major resource producers who fly their workers on a regular scheduled basis into and out of the mining areas. These scheduled fly-in fly-out contracts have driven the revenues of the Group to the levels now recorded.

The Company also continues to provide conventional airline services to all of the major airports in Western Australia and beyond, as it has done for the previous 45 years. This regular airline business which the Company operates, whereby scheduled flights are provided and sold to the flying public, continues its organic growth within a relatively stable environment. We believe that the scope for growth in this area of the business is currently 20% in revenue terms, which the airline continues to stimulate by expanding its route network, adding regional routes as and when additional aircraft become available and adjusting schedules in accordance with demand.

In furtherance of its revenue growth, the airline also enjoys a unique advantage in its business operations by being able to sell regular passenger tickets combined with block bookings to its resource clients thus, combining two methods of operation and commerce within the ambit of the transport policies of the current Western Australian Government. The Company has an exclusive license issued by the Western Australian Government on some routes.

During the year, the airline grew its fleet size to 15 aircraft, which ensured that the rate of available seat kilometres increased by 16% to 502,533,000. Cognisant of the risks associated with over-expansion, the airline tempered the fleet's growth this year and therefore has not always deployed as many aircraft as it was potentially able. Although this caused an increase in aircraft cross-hiring costs this year, where aircraft are hired from other airlines in the event of breakdowns or unexpected peak period demand, it ensured that the airline was not imprudently overcommitted in the long term.

RISKS

Risks faced by the business are normal commercial risks and typical airline industry related risks. The Company and its shareholders must anticipate a slow down in the rate of growth due to the global crisis of confidence in the broader economy associated with the credit institutions. Exchange rate, labour and fuel costs may represent a risk to the business. Australian domestic fuel prices, when combined with a lowering in the value of the Australian dollar, can cause increased overall costs to the airline's operations. Where possible the Company imposes a fuel levy on its passengers and requests its charter clients to allay the rising costs through a fuel price

rise and fall policy in its charter contracts. The recent drop in the value of the Australian dollar has also caused an increase in some costs, which the Company will endeavour to hedge in future.

OUTLOOK

As a consequence of the recently announced Rio Tinto contract that was awarded to the airline for the Perth/ West Angelas/ Barimunya charter service, the airline has increased the scale of its operations by hiring significant staff and deploying two additional aircraft. The up-scaling costs in the order of \$5m for this significant contract (inclusive of aircraft, additional pilots, supporting labour and other costs) will be faced in the 1st half of the 2008/2009 financial year. However, the increased activity associated with this and the other charter contracts is extremely significant for the airline and the Company. Skywest's additional contracted revenues, consequential to the last three scheduled charter service contracts signed, in aggregate, amounts to an additional AUD\$111m over 3 years and subject to client option exercise AUD\$170m in revenues over 5 years.

I would like to take this opportunity of thanking you - the shareholders – for your continued support and encouragement during this exciting but challenging period in the Company's operations and look forward to keeping you updated on the progress of our Company.

In due course, shareholders will receive an annual report and notice of meeting for the forthcoming Annual General Meeting, which documents will also be accessible on the Company website at www.advent.com.sg

Jeff Chatfield
Executive Chairman

Financial Statements,

Audited Consolidated Group Income Statement

| In Singapore dollars | 12 months ended 30 June 2008 | 12 months ended 30 June 2007 |
|---|------------------------------------|------------------------------------|
| Revenue | 184,201,539 | 130,485,459 |
| Cost of sales | <u>(86,541,911)</u> | <u>(63,492,515)</u> |
| Gross profit | 97,659,628 | 66,992,944 |
| Other income | 1,278,939 | 1,160,884 |
| Administrative expenses | (58,621,021) | (41,271,278) |
| Other expenses | <u>(24,437)</u> | <u>(226,010)</u> |
| Earnings before rental of aircraft, depreciation and finance cost | 40,293,109 | 26,656,540 |
| Rental of aircraft | (14,990,325) | (5,735,877) |
| Depreciation | (10,273,001) | (7,951,259) |
| Finance cost | <u>(549,973)</u> | <u>(273,095)</u> |
| Earnings after rental of aircraft, depreciation and finance cost | 14,479,810 | 12,696,309 |
| Income tax | <u>(4,079,565)</u> | <u>(4,730,227)</u> |
| Profit for the year | <u>10,400,245</u> | <u>7,966,082</u> |
| Attributable to: | | |
| Equity holders of the Company | 10,400,245 | 7,178,222 |
| Minority interests | <u>-</u> | <u>787,860</u> |
| Profit for the year | <u>10,400,245</u> | <u>7,966,082</u> |
| Earnings per share | | |
| Basic earnings per share | 5.22 cents | 3.61 cents |
| Diluted earnings per share | <u>4.91 cents</u> | <u>3.34 cents</u> |

Audited Consolidated Balance Sheet

In Singapore dollars

30 June 2008**30 June 2007****ASSETS****Non-current assets**

| | | |
|-------------------------------|-------------------|-------------------|
| Property, plant and equipment | 50,720,919 | 42,616,763 |
| Intangible assets | 17,253,769 | 17,278,267 |
| | <u>67,974,688</u> | <u>59,895,030</u> |

Current assets

| | | |
|-----------------------|-------------------|-------------------|
| Other investments | 671,556 | 1,144,071 |
| Inventories | 3,287,967 | 1,213,360 |
| Trade receivables | 17,918,651 | 12,321,944 |
| Other receivables | 5,335,404 | 3,485,581 |
| Cash and cash balance | 13,756,814 | 14,528,864 |
| | <u>40,970,392</u> | <u>32,693,820</u> |

| | | |
|---------------------|--------------------|-------------------|
| Total assets | <u>108,945,080</u> | <u>92,588,850</u> |
|---------------------|--------------------|-------------------|

EQUITY AND LIABILITIES**Equity attributable to equity holders of the company**

| | | |
|------------------------------|-------------------|-------------------|
| Share capital | 43,554,574 | 43,049,248 |
| Assets revaluation reserve | 625 | 625 |
| Currency translation reserve | 2,210,974 | 2,439,541 |
| Retained earnings | 7,340,692 | 2,028,860 |
| Total equity | <u>53,106,865</u> | <u>47,518,274</u> |

Non-current liabilities

| | | |
|--------------------------|------------------|------------------|
| Borrowings | 3,306,776 | 5,295,481 |
| Deferred tax liabilities | 5,601,095 | 3,607,110 |
| Provisions | 93,356 | 86,653 |
| | <u>9,001,227</u> | <u>8,989,244</u> |

Current liabilities

| | | |
|--------------------|-------------------|-------------------|
| Trade payables | 13,631,327 | 6,528,429 |
| Other payables | 19,851,230 | 21,704,558 |
| Borrowings | 3,585,375 | - |
| Provisions | 6,852,812 | 5,327,552 |
| Income tax payable | 2,916,244 | 2,520,793 |
| | <u>46,836,988</u> | <u>36,081,332</u> |

| | | |
|-------------------------------------|--------------------|-------------------|
| Total equity and liabilities | <u>108,945,080</u> | <u>92,588,850</u> |
|-------------------------------------|--------------------|-------------------|

Consolidated cash flow statement for the financial year ended 30 June 2008

| | 12 months ended 30/06/2008 | 12 months ended 30/06/2007 |
|--|---|---|
| Cash flows from operating activities | | |
| Profit before income tax | 14,479,810 | 12,696,309 |
| Adjustments for: | | |
| (Gain) on disposal of other investments | (302,508) | (105,186) |
| (Gain)/ loss on disposal of assets | 937,131 | (15,964) |
| Allowance for doubtful debts | 21,448 | 258,353 |
| Allowance for doubtful debts- release | (527,453) | - |
| Allowance for stock obsolescence | 187,689 | 76,310 |
| Allowance for stock obsolescence – release | (846,945) | - |
| Amortization of intangible | 25,226 | 23,862 |
| Assets written off | - | 1,414,376 |
| Depreciation charges | 10,273,001 | 7,951,259 |
| Dividend income | (112,601) | - |
| Fair value adjustment for other investments | 905,806 | 14,688 |
| Interest paid | 549,973 | 273,095 |
| Interest received | (910,705) | (835,086) |
| Provision for aircraft handback | 9,239 | 466,997 |
| Provision for employee’s benefits | 1,522,724 | 974,286 |
| Operating profit before working capital changes | 26,211,835 | 23,193,299 |
| Inventories | (1,500,922) | (273,655) |
| Trade and other receivables | (6,937,855) | (7,255,650) |
| Trade and other payables | 5,249,570 | 4,982,098 |
| Cash generated from operations | 23,022,628 | 20,646,092 |
| Interest paid | (549,973) | (273,095) |
| Interest received | 910,705 | 835,086 |
| Income tax paid | (2,393,034) | (136,172) |
| Net cash generated from operating activities | 20,990,326 | 21,071,911 |
| Cash flow from investing activities | | |
| Acquisition and sale of other investments | (130,783) | (1,026,975) |
| Acquisition of additional interest in subsidiary | - | (16,156,796) |
| Acquisition of property plant and equipment | (18,987,701) | (19,453,463) |
| Dividend income | 112,601 | - |
| Proceeds from sales of property, plant and equipment | 57,689 | 21,907 |
| Net cash (used in) investing activities | (18,948,194) | (36,615,327) |

| | 12 months ended 30/06/2008 | 12 months ended 30/06/2007 |
|---|---|---|
| Cash flows from operating activities – cont'd | | |
| Cash flow from financial activities | | |
| Cash pledged as security | (2,739,947) | - |
| Dividends paid on ordinary shares | (5,088,413) | (1,716,230) |
| Proceeds from borrowings | 2,622,000 | 5,295,481 |
| Proceeds from shares issued | 2,178,248 | 4,797,132 |
| Proceeds from repurchase of shares | (1,672,922) | (2,915,000) |
| Repayment of borrowings | (1,025,330) | (86,517) |
| Net cash (used in)/generated from financing activities | <u>(5,726,364)</u> | <u>5,374,866</u> |
| Net effect of exchange difference in consolidation of foreign subsidiaries | 172,235 | 154,229 |
| Net (decrease) in cash and cash equivalents | (3,511,997) | (10,014,321) |
| Cash and cash equivalents at beginning of year | <u>14,528,864</u> | <u>24,543,185</u> |
| Cash and cash equivalents at end of year | <u><u>11,016,867</u></u> | <u><u>14,528,864</u></u> |

Notes:

1. The company intends to declare a final dividend 0.7 cents (Singapore) per share.
2. The results for the period are derived from continuing activities.
3. The audited results have been prepared on a going concern basis and on the basis of the accounting policies adopted in the audited accounts for the period ended 30 June 2008.