

# Appendix 4D

## Half year report Period ended on 31 December 2009

ASX Code: SXR

**The information contained in this report relates to the following years:**

Current half year ended – 31 December 2009

Previous half year ended – 31 December 2008

The Appendix 4D should be read in conjunction with the most recent annual financial report 30 June 2009.

Results for announcement to the market				S\$
Revenue	Up	10%	To	107,055,564
Profit after tax attributable to members	Up	354%	To	7,091,067
Net profit attributable to members	Up	354%	To	7,091,067

**DIVIDENDS**

31 December 2009 interim dividend - to be paid 16 April 2010

Amount per ordinary share (cents)

0.5 cents

Total dividend declared ^

S\$983,000

^ Based on the number of shares issued as at 31 December 2009

**Results commentary for announcement to the market**

Please refer to the separate ASX release on 19 February 2010 for further commentary.

**Net tangible assets**

	Current half year	Previous half year
Net tangible assets per ordinary security (cents per share)	21 cents	13 cents

**Earnings per share**

	Current half year	Previous half year
Basic earnings per share (cents per share)	3.64	(1.40)
Diluted earnings per share (cents per share)	3.63	(1.40)

**Control gained over entities having a material effect**

No control over any entities was gained during the half year ended 31 December 2009.

**Loss of control of entities having a material effect**

No control over any entities was lost during the half year ended 31 December 2009.

**Review**

This report is based on accounts that have been reviewed.

**Accounting Standards used in compiling this report**

International Accounting Standards IAS34 *Interim Financial Reporting*.

A handwritten signature in black ink, appearing to read 'R. J. [unclear]', is positioned above the text 'By order of the board of directors'.

By order of the board of directors

**SKYWEST AIRLINES LTD**  
**CONSOLIDATED INTERIM FINANCIAL REPORT**  
**FOR THE HALF YEAR ENDED**  
**31 DECEMBER 2009**

**COMPANY REGISTRATION NO : 199708548K**

**ASX CODE : SXR**  
**AIM CODE : SKYW**

**SKYWEST AIRLINES LTD**  
**COMPANY REGISTRATION NO : 199708548K**  
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**FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

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**SKYWEST AIRLINES LTD**  
**COMPANY REGISTRATION NO : 199708548K**  
**COMPANY INFORMATION**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

**DIRECTORS:** Robert Jeffries Chatfield  
Seah Kian Peng  
John Leonard Jost  
Ronald Lewis Aitkenhead

**COMPANY SECRETARIES:** Siobhan Mary Cool  
Han Kee Fong

**REGISTERED OFFICE:** 510 Thomson Road  
#12-04 SLF Building  
Singapore 298135

**PRINCIPAL PLACE OF BUSINESS:** 510 Thomson Road  
#12-04 SLF Building  
Singapore 298135

**AUDITORS:** Ernst & Young  
Ernst & Young Building  
11 Mounts Bay Road  
Perth WA 6000  
Australia

**SOLICITORS:** Speechly Bircham LLP  
6 St Andrew Street,  
London, EC4A 3LX  
United Kingdom

Herbert Geer & Rundle  
385 Bourke Street  
Melbourne Vic 3000  
Australia

**NOMINATED ADVISER AND BROKER:** WH Ireland Limited  
5<sup>th</sup> floor, 24 Martin Lane  
London, EC4Y 0DR  
United Kingdom

**REGISTRARS:** Computershare Investor Services Plc  
PO Box 82,  
The Pavilions  
Bristol BS99 7NH  
United Kingdom

Computershare Investor Services Pty Ltd  
Level 19, 307 Queen Street  
Brisbane Qld 4000  
Australia

**BANKERS:** Citibank N.A. National Corporate Group  
3 Temasek Avenue  
#17-00 Centennial Tower  
Singapore 039190

**SKYWEST AIRLINES LTD**  
**COMPANY REGISTRATION NO : 199708548K**  
**REPORT OF THE DIRECTORS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

Your directors submit their report for the half-year ended 31 December 2009.

**Directors**

The names of the company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Robert Jeffries Chatfield  
Seah Kian Peng  
John Leonard Jost  
Ronald Lewis Aitkenhead

**Review and results of operations**

The Group achieved a profit after income tax expenses for the half year of S\$7,091,067, representing an increase of S\$9,877,334 on the comparative half year.

Total revenue for the half-year was S\$107,055,564, an increase of S\$9,746,847 or 10% on the prior comparative period.

**SKYWEST AIRLINES LTD**  
**COMPANY REGISTRATION NO : 199708548K**  
**REPORT OF THE DIRECTORS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

**Auditors independence declaration**

We have obtained the following independence declaration from our auditors, Ernst & Young.



Ernst & Young Building  
11 Mounts Bay Road  
Perth WA 6000 Australia  
GPO Box M939 Perth WA 6843  
Tel: +61 8 9429 2222  
Fax: +61 8 9429 2436  
www.ey.com/au

**Auditor's Independence Declaration to the Directors of Skywest Airlines Ltd**

In relation to our audit of the financial report of Skywest Airlines Ltd for the financial year ended 31 December 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of any applicable code of professional conduct.

A handwritten signature in cursive script that reads "Ernst &amp; Young".

Ernst & Young

A handwritten signature in cursive script, appearing to read "C B Pavlovich".

C B Pavlovich  
Partner  
Perth  
19 February 2010

Liability limited by a scheme approved  
under Professional Standards Legislation

Signed in accordance with a resolution of the directors.

On behalf of the board

A handwritten signature in cursive script, appearing to read "R J Chatfield".

Robert Jeffries Chatfield  
Director  
Perth, 19 February 2010

**SKYWEST AIRLINES LTD**  
**COMPANY REGISTRATION NO : 199708548K**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2009**

	Note	<u>31 Dec 2009</u> S\$	<u>30 June 2009</u> S\$
<b><u>ASSETS</u></b>			
<b>Current assets</b>			
Cash and cash equivalents		10,732,714	9,179,876
Trade and other receivables		21,115,064	22,523,069
Inventories		<u>4,057,270</u>	<u>3,619,119</u>
Total current assets		<u>35,905,048</u>	<u>35,322,064</u>
<b>Non-current assets</b>			
Trade and other receivables		725,703	-
Property, plant & equipment	4	59,408,648	44,695,646
Available for sale financial assets		692,723	227,900
Intangible assets		<u>17,214,118</u>	<u>17,223,929</u>
Total non-current assets		<u>78,041,192</u>	<u>62,147,475</u>
<b>TOTAL ASSETS</b>		<u>113,946,240</u>	<u>97,469,539</u>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>Current liabilities:</b>			
Trade and other payables		17,683,856	17,688,592
Revenue received in advance		9,832,807	11,857,626
Interest bearing loans and borrowings		2,943,184	1,011,741
Provisions		6,378,119	5,189,090
Income tax payable		<u>5,733,239</u>	<u>3,393,010</u>
Total current liabilities		<u>42,571,205</u>	<u>39,140,059</u>
<b>Non-current liabilities:</b>			
Interest bearing loans and borrowings		7,938,671	2,144,015
Deferred tax liabilities		4,953,593	5,115,380
Provisions		<u>209,137</u>	<u>264,309</u>
Total non-current liabilities		<u>13,101,401</u>	<u>7,523,704</u>
<b>NET ASSETS</b>		<u>58,273,634</u>	<u>50,805,776</u>
<b>EQUITY:</b>			
Equity attributable to equity holders of the parent			
Share capital	5	43,809,091	42,989,091
Treasury shares	5	(631,854)	(168,321)
Reserves		1,997,105	56,706
Retained earnings		<u>13,099,292</u>	<u>7,928,300</u>
<b>TOTAL EQUITY</b>		<u>58,273,634</u>	<u>50,805,776</u>

The above consolidated statements of financial position is to be read in conjunction with the accompanying condensed notes to the consolidated interim financial report.

**SKYWEST AIRLINES LTD**  
**COMPANY REGISTRATION NO : 199708548K**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	Note	<u>2009</u> S\$	<u>2008</u> S\$
Revenue		107,055,564	97,308,717
Cost of sales		<u>(82,265,148)</u>	<u>(81,035,264)</u>
Gross profit		24,790,416	16,273,453
Other income	6	978,709	216,952
Administrative expenses		(15,497,520)	(18,813,453)
Finance cost		<u>(143,508)</u>	<u>(189,409)</u>
Profit (Loss) before income tax		10,128,097	(2,512,457)
Income tax expense		<u>(3,037,030)</u>	<u>(273,810)</u>
<b>Profit (Loss) for the period after income tax</b>		<u>7,091,067</u>	<u>(2,786,267)</u>
<b>Other comprehensive income</b>			
Foreign currency translation		<u>1,940,399</u>	<u>(5,602,307)</u>
<b>Other comprehensive income for the period, net of tax</b>		<u>1,940,399</u>	<u>(5,602,307)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u>9,031,466</u>	<u>(8,388,574)</u>
Profit (Loss) attributable to:			
Ordinary equity holders of the parent		<u>7,091,067</u>	<u>(2,786,267)</u>
Total comprehensive income for the period attributable to:			
Ordinary equity holders of the parent		<u>9,031,466</u>	<u>(8,388,574)</u>
		Cents	Cents
<b>Earnings per share</b>			
Profit attributable to the ordinary equity holders of the parent:			
Basic earnings per share – profit / (loss)		<u>3.64</u>	<u>(1.40)</u>
Diluted earnings per share – profit / (loss)		<u>3.63</u>	<u>(1.40)</u>

The above consolidated statements of comprehensive income is to be read in conjunction with the accompanying condensed notes to the consolidated interim financial report.

**SKYWEST AIRLINES LTD**  
**COMPANY REGISTRATION NO : 199708548K**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	<u>Note</u>	<u>Share capital</u> S\$	<u>Treasury shares</u> S\$	<u>Other reserve</u> S\$	<u>Foreign currency translation reserve</u> S\$	<u>Retained earnings</u> S\$	<u>Total</u> S\$
At 1 July 2009		42,989,091	(168,321)	625	56,081	7,928,300	50,805,776
Profit for the period		-	-	-	-	7,091,067	7,091,067
Other comprehensive income		-	-	-	<u>1,940,399</u>	-	<u>1,940,399</u>
Total comprehensive income for the half-year		-	-	-	1,940,399	7,091,067	9,031,466
Transactions with owners in their capacity as owners							
Exercise of share warrant	5	820,000	-	-	-	-	820,000
Purchase of treasury shares	5	-	(463,533)	-	-	-	(463,533)
Dividend paid	8	-	-	-	-	<u>(1,920,075)</u>	<u>(1,920,075)</u>
Balance at 31 December 2009		<u>43,809,091</u>	<u>(631,854)</u>	<u>625</u>	<u>1,996,480</u>	<u>13,099,292</u>	<u>58,273,634</u>
Balance at 1 July 2008		43,554,574	-	625	2,188,202	6,137,919	51,881,320
Loss for the period		-	-	-	-	(2,786,267)	(2,786,267)
Other comprehensive income		-	-	-	<u>(5,602,307)</u>	-	<u>(5,602,307)</u>
Total comprehensive income for the half-year		-	-	-	(5,602,307)	(2,786,267)	(8,388,574)
Balance at 31 December 2008		<u>43,554,574</u>	<u>-</u>	<u>625</u>	<u>(3,414,105)</u>	<u>3,351,652</u>	<u>43,492,746</u>

The above consolidated statements of changes in equity is to be read in conjunction with the accompanying condensed notes to the consolidated interim financial report.

**SKYWEST AIRLINES LTD**  
**COMPANY REGISTRATION NO : 199708548K**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	<u>2009</u>	<u>2008</u>
	S\$	S\$
<b>Cash flows from operating activities:</b>		
<b>Profit (loss) before income tax</b>	10,128,097	(2,512,457)
<b>Adjustments for:</b>		
Depreciation and amortisation expenses	6,929,130	5,734,097
Loss on disposal of other investment	47,537	464,995
Fair value adjustment for other investment	(47,442)	(50,859)
Allowance for doubtful debt	122,193	-
Fair value adjustment for other receivables	91,351	-
Interest expense	52,157	189,409
Interest income	<u>(114,092)</u>	<u>(216,852)</u>
<b>Operating profit before working capital changes</b>	17,208,931	3,608,333
Trade and other receivables	468,758	(586,452)
Inventories	(438,151)	445,024
Intangible assets	-	64,261
Trade and other payables	(4,736)	(7,364,650)
Revenue received in advance	<u>(2,024,819)</u>	-
Provisions	<u>1,133,857</u>	<u>(1,837,708)</u>
<b>Cash from (used in) operations</b>	16,343,840	(5,671,192)
Interest paid	(52,157)	(189,409)
Interest received	114,092	216,852
Income tax paid	<u>(1,499,668)</u>	-
<b>Net cash from (used in) operating activities</b>	<u>14,906,107</u>	<u>(5,643,749)</u>
<b>Cash flows used in investing activities:</b>		
Purchase of property, plant and equipment	(18,521,749)	(6,514,186)
Purchase of available for sale financial assets	<u>(464,918)</u>	<u>(92,593)</u>
<b>Net cash used in investing activities</b>	<u>(18,986,667)</u>	<u>(6,606,779)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings	8,291,860	-
Repayment of borrowings	(794,407)	(1,651,283)
Proceeds from issuing shares (net of cost)	820,000	-
Purchase of treasury shares	(463,533)	-
Dividend paid	<u>(1,920,075)</u>	-
<b>Net cash from (used in) financing activities</b>	<u>5,933,845</u>	<u>(1,651,283)</u>
Net effect of exchange rate changes in consolidating subsidiaries	<u>(300,447)</u>	<u>1,430,490</u>
<b>Net increase (decrease) in cash</b>	1,552,838	(12,471,321)
Cash and cash equivalent at beginning of financial period	<u>9,179,876</u>	<u>13,756,814</u>
<b>Cash and cash equivalent at end of financial period (Note 7)</b>	<u>10,732,714</u>	<u>1,285,493</u>

The above consolidated statements of cash flows is to be read in conjunction with the accompanying condensed notes to the consolidated interim financial report.

**SKYWEST AIRLINES LTD**  
**COMPANY REGISTRATION NO : 199708548K**  
**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

**1 Reporting entity**

Skywest Airlines Ltd (“the Company”) is a company domiciled in Singapore. The consolidated interim financial report of the Company as at and for the six months period ended 31 December 2009 comprises the Company and its subsidiaries (together known as the “Group”).

The consolidated annual financial report of the Group as at and for the year ended 30 June 2009 is available upon request from the Company’s registered office at 510 Thomson Road, #12-04 SLF Building, Singapore 298135.

**2 Basis of preparation and accounting policies**

This general purpose condensed financial report for the half-year ended 31 December 2009, which are expressed in Singapore dollars, has been prepared in accordance with International Accounting Standards IAS 34: Interim Financial Reporting.

The half-year financial report does not include all notes of the type normally included within the annual report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2009 and considered together with any public announcements made by Skywest Airlines Ltd during the half-year ended 31 December 2009 in accordance with the continuous disclosure obligations of the ASX listing rules.

Changes in Accounting policies

Apart from the changes in accounting policies noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

From 1 July 2009, the Group has adopted the following Standards and Interpretations issued by the International Accounting Standards Board that are relevant to its operations and effective for reporting periods on or after 1 July 2009. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

*FRS 8 -Operating Segments and consequential amendments to other International Accountings Standards*

The Group has concluded that the adoption of the Standard did not have any impact on the financial position or the performance of the Group.

*IAS 23 (revised) -Borrowing Costs and consequential amendments to other International Accounting Standards*

The revised IAS 23 requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The Group has concluded that the adoption of the standard did not have any impact on the financial position or performance of the Group as the Group did not capitalise any borrowing costs in the current period.

**SKYWEST AIRLINES LTD**  
**COMPANY REGISTRATION NO : 199708548K**  
**CONDENSED NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

*IFRS 7 -Financial Instruments: Disclosure*

The amended Standard requires additional disclosures about fair value measurement and liquidity risk. The Group has concluded that the adoption of the Standard will not significantly impact the liquidity risk disclosures.

*IAS1 (revised) -Presentation of Financial Statements and consequential amendments to other International Accounting Standards*

The revised Standard separates owner and non-owner changes in equity. The statement of charges in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new standard of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement or in two linked statements. The Group has elected to present one statement.

The Group has not elected to early adopt any other new Standards or amendments that are issued but not yet effective.

**3 Segment reporting**

The Group has identified that it has one operating segment with operations predominantly in Australia.

**4 Property, plant and equipment**

31 December 2009	<u>Rotables</u>	<u>Aircraft &amp; Collision System</u>	<u>Aircraft maintenance</u>	<u>Plant &amp; Equipment</u>	<u>Leasehold Improvement</u>	<u>Motor Vehicle</u>	<u>Total</u>
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
<u>Cost/ Valuation</u>							
Balance at 1 July 2009	16,703,401	28,004,628	35,982,350	7,044,909	1,953,956	71,912	89,761,156
Additions	1,097,346	9,312,805	7,571,463	540,135	-	-	18,521,749
Disposal/written off	-	-	-	(6,873)	-	-	(6,873)
Translation adjustments	<u>1,210,226</u>	<u>2,029,043</u>	<u>2,607,060</u>	<u>509,097</u>	<u>141,572</u>	-	<u>6,496,998</u>
Balance at 31 Dec 2009	<u>19,010,973</u>	<u>39,346,476</u>	<u>46,160,873</u>	<u>8,087,268</u>	<u>2,095,528</u>	<u>71,912</u>	<u>114,773,030</u>
<u>Accumulated depreciation</u>							
Balance at 1 July 2009	5,551,632	10,117,650	24,343,799	4,654,643	371,418	26,368	45,065,510
Additions	525,632	1,155,337	4,726,954	419,852	82,081	7,191	6,917,047
Disposal/written off	-	-	-	(6,873)	-	-	(6,873)
Translation adjustments	<u>411,889</u>	<u>753,473</u>	<u>1,850,590</u>	<u>343,257</u>	<u>29,489</u>	-	<u>3,388,698</u>
Balance at 31 Dec 2009	<u>6,489,153</u>	<u>12,026,460</u>	<u>30,921,343</u>	<u>5,410,879</u>	<u>482,988</u>	<u>33,559</u>	<u>55,364,382</u>
<u>Net book value</u>							
Balance at 1 July 2009	<u>11,151,769</u>	<u>17,886,978</u>	<u>11,638,551</u>	<u>2,390,266</u>	<u>1,582,538</u>	<u>45,544</u>	<u>44,695,646</u>
Balance at 31 Dec 2009	<u>12,521,820</u>	<u>27,320,016</u>	<u>15,239,530</u>	<u>2,676,389</u>	<u>1,612,540</u>	<u>38,353</u>	<u>59,408,648</u>

**SKYWEST AIRLINES LTD**  
**COMPANY REGISTRATION NO : 199708548K**  
**CONDENSED NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

30 June 2009	<u>Rotables</u>	<u>Aircraft &amp; Collision System</u>	<u>Aircraft maintenance</u>	<u>Plant &amp; Equipment</u>	<u>Leasehold Improvement</u>	<u>Motor Vehicle</u>	<u>Total</u>
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
<u>Cost/ Valuation</u>							
Balance at 1 July 2008	17,754,375	30,835,028	30,916,536	6,970,346	1,143,141	71,912	87,691,338
Additions	853,117	811,181	8,381,501	813,678	934,905	-	11,794,382
Disposal/written off	-	-	-	(15,854)	(1,672)	-	(17,526)
Translation adjustments	<u>(1,904,091)</u>	<u>(3,641,581)</u>	<u>(3,315,687)</u>	<u>(723,261)</u>	<u>(122,418)</u>	<u>-</u>	<u>(9,707,038)</u>
Balance at 30 June 2009	<u>16,703,401</u>	<u>28,004,628</u>	<u>35,982,350</u>	<u>7,044,909</u>	<u>1,953,956</u>	<u>71,912</u>	<u>89,761,156</u>
<u>Accumulated depreciation</u>							
Balance at 1 July 2008	5,069,666	9,054,519	18,215,975	4,357,498	260,776	11,985	36,970,419
Additions	957,534	1,899,064	7,544,571	707,973	131,574	14,383	11,255,099
Disposal/written off	-	-	-	(15,854)	(1,672)	-	(17,526)
Translation adjustments	<u>(475,568)</u>	<u>(835,933)</u>	<u>(1,416,747)</u>	<u>(394,974)</u>	<u>(19,260)</u>	<u>-</u>	<u>(3,142,482)</u>
Balance at 30 June 2009	<u>5,551,632</u>	<u>10,117,650</u>	<u>24,343,799</u>	<u>4,654,643</u>	<u>371,418</u>	<u>26,368</u>	<u>45,065,510</u>
<u>Net book value</u>							
Balance at 1 July 2008	<u>12,684,709</u>	<u>21,780,509</u>	<u>12,700,561</u>	<u>2,612,848</u>	<u>882,365</u>	<u>59,927</u>	<u>50,720,919</u>
Balance at 30 June 2009	<u>11,151,769</u>	<u>17,886,978</u>	<u>11,638,551</u>	<u>2,390,266</u>	<u>1,582,538</u>	<u>45,544</u>	<u>44,695,646</u>

**5 Share capital and treasury shares**

**a) Share capital**

	<u>31 Dec 2009</u>		<u>30 June 2009</u>	
	<u>No of shares</u>	<u>S\$</u>	<u>No of shares</u>	<u>S\$</u>
At 1 July 2009 / 1 July 2008	195,500,000	42,989,091	199,500,000	43,554,574
Issue of shares under share option scheme	4,100,000	820,000	-	-
Purchase of shares	-	-	<u>(4,000,000)</u>	<u>(565,483)</u>
At 31 Dec 2009 / 30 June 2009	<u>199,600,000</u>	<u>43,809,091</u>	<u>195,500,000</u>	<u>42,989,091</u>

**b) Treasury shares**

	<u>31 Dec 2009</u>		<u>30 June 2009</u>	
	<u>No of shares</u>	<u>S\$</u>	<u>No of shares</u>	<u>S\$</u>
At 1 July 2009 / 1 July 2008	(1,000,000)	(168,321)	-	-
Acquired during the period	<u>(2,000,000)</u>	<u>(463,533)</u>	<u>(1,000,000)</u>	<u>(168,321)</u>
At 31 Dec 2009 / 30 June 2009	<u>(3,000,000)</u>	<u>(631,854)</u>	<u>(1,000,000)</u>	<u>(168,321)</u>

**SKYWEST AIRLINES LTD**  
**COMPANY REGISTRATION NO : 199708548K**  
**CONDENSED NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

**6 Other income**

	<u>Half-year</u> <u>Consolidated</u>	
	<u>2009</u>	<u>2008</u>
	S\$	S\$
(a) Other income		
Bankers' guarantee income from a related party	181,143	-
Foreign currency exchange gains	678,148	-
Interest revenue from outside parties	111,821	197,077
Interest revenue from related parties	2,271	19,775
Other miscellaneous income	<u>5,326</u>	<u>100</u>
	<u>978,709</u>	<u>216,952</u>

**7 Cash and cash equivalents**

	<u>Half-year</u> <u>Consolidated</u>	
	<u>2009</u>	<u>2008</u>
	S\$	S\$
For the purpose of the half-year statements of cash flows, cash and cash equivalents are comprised of the followings:		
Cash at bank and in hand	10,732,714	2,567,064
Less bank overdraft	<u>-</u>	<u>(1,281,571)</u>
	<u>10,732,714</u>	<u>1,285,493</u>

**8 Dividends paid**

	<u>Half-year</u> <u>Consolidated</u>	
	<u>2009</u>	<u>2008</u>
	S\$	S\$
(a) Dividends declared and paid during the half year on ordinary shares:		
Tax exempt final dividend for the financial year ended 30 June 2009: 1 cent. (2008 : 0.7 cents)	1,920,075	1,389,060
(b) Dividends proposed and not yet recognised as a liability:		
Tax exempt interim dividend for the half year ended 31 December 2009 : 0.5 cents.(2008 : Nil)	<u>983,000</u>	<u>-</u>

**SKYWEST AIRLINES LTD**  
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**CONDENSED NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

**9 Commitments and contingencies**

The only changes to the commitments and contingencies disclosed in the most recent annual report are specified below.

During the period to 31 December 2009, the Group has entered into a sales and purchase agreement to purchase a Fokker F50 aircraft. As of 31 December 2009, the Group is committed to pay the seller US\$1,800,000 equivalent to S\$2,529,960 over 18 monthly instalments.

**10 Reclassification and comparative figures**

Certain reclassifications have been made to the prior period's comparative financial information to enhance comparability with current years' financial statements.

**11 Events after the balance sheet date**

On 19 February 2010, the Group declared a tax exempt interim dividend of 0.5 cents per share with respect to the financial year ending 30 June 2010. The dividend will have a record date of 9 April 2010 and a payment date of 16 April 2010.

**SKYWEST AIRLINES LTD**  
**COMPANY REGISTRATION NO : 199708548K**  
**DIRECTORS' DECLARATION**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

In accordance with a resolution of the directors of Skywest Airlines Ltd, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity:
  - (i) give a true and fair view of the financial position as at 31 December 2009 and the performance of the consolidated entity for the half year ended on that date; and
  - (ii) comply with International Accounting Standard IAS 34; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the board



Robert Jeffries Chatfield  
Director  
Perth, 19 February 2010

To the members of Skywest Airlines Ltd

## Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of Skywest Airlines Ltd and the entities it controlled during the half-year, which comprises the consolidated statement of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, other selected explanatory notes, other information as set out in Appendix 4D to the Australian Stock Exchange (ASX) Listing Rules and the directors' declaration of the consolidated entity.

## Directors' Responsibility for the Half Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half year financial report in accordance with International Accounting Standards and the ASX Listing Rules as they relate to Appendix 4D. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with the Australian Auditing Standard on review engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report does not give a true and fair view of the consolidated entity's financial position as at half year and its performance for the half year ended on that date; and complies with International Accounting Standard 34 Interim Financial Reporting and the ASX Listing Rules as they relate to Appendix 4D. As the auditor of Skywest Airlines Ltd and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

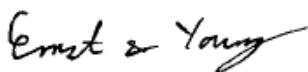
## Independence

In conducting our review, we have complied with the independence requirements of the international professional ethical pronouncements. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Skywest Airlines Ltd is not in accordance with:

- a. International Accounting Standards, including:
  - i giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half year ended on that date; and
  - ii complying with International Accounting Standard 34 *Interim Financial Reporting*; and
- b. the ASX Listing Rules as they relate to Appendix 4D.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script, likely belonging to C B Pavlovich.

C B Pavlovich  
Partner  
Perth  
19 February 2010