

Appendix 4D

Half year report

Period ended on 31 December 2010

ASX Code: SXR

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

Current half year ended – 31 December 2010
 Previous half year ended – 31 December 2009

The Appendix 4D should be read in conjunction with the most recent annual financial report 30 June 2010.

Results for announcement to the market				S\$
Revenue from ordinary activities	Up	17%	To	125,265,230
Profit after tax from ordinary activities attributable to members	Up	0.64%	To	7,136,286
Net profit attributable to members	Up	0.64%	To	7,136,286

DIVIDENDS

No interim dividend has been declared.

Results commentary for announcement to the market

Please refer to the separate ASX release on 23 February 2011 for further commentary.

Net tangible assets

	Current half year	Previous half year
Net tangible assets per ordinary security (cents per share)	25 cents	21 cents

Earnings per share

	Current half year	Previous half year
Basic earnings per share (cents per share)	3.58	3.64
Diluted earnings per share (cents per share)	3.56	3.63

Control gained over entities having a material effect

No control over any entities was gained during the half year ended 31 December 2010.

Loss of control of entities having a material effect

No control over any entities was lost during the half year ended 31 December 2010.

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]', positioned above the text 'By order of the board of directors'.

By order of the board of directors

Company Registration No. 199708548K

ASX Code : SXR

AIM Code : SKYW

Skywest Airlines Ltd. and Subsidiaries

Half Year Financial Report

For the half year ended 31 December 2010

Skywest Airlines Ltd. and Subsidiaries

General Information

Directors

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

Company Secretaries

Han Kee Fong
Siobhan Mary MacGroarty Cool
Carissa Gina Tan Mui Hia

Registered Office

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 New Street Square
London, EC4A 3LX
United Kingdom

Herbert Geer
Level 21, 385 Bourke Street
Melbourne Vic 3000
Australia

Registrars

Computershare Investor Services Plc
The Pavillions, Bridgwater Road
Bristol BS13 8AE
United Kingdom

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

Skywest Airlines Ltd. and Subsidiaries

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Skywest Airlines Ltd. and Subsidiaries

Report of the Directors

Your directors submit their report for the half year ended 31 December 2010.

Directors of the Company

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\$7,136,286, representing an increase of S\$45,219 or 0.64% on the comparative half year.

Total revenue for the half year was S\$125,265,230, an increase of S\$18,209,666 or 17% on the prior comparative period.

Skywest Airlines Ltd. and Subsidiaries

Report of the Directors

Auditors independence declaration



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 2010, 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.

Ernst & Young

C B Pavlovich
Partner
Perth
23 February 2011

Liability limited by a scheme approved
under Professional Standards Legislation

Signed in accordance with a resolution of the directors

On behalf of the board of Directors,

Robert Jeffries Chatfield
Director
23 February 2011

Skywest Airlines Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
for the half year ended 31 December 2010

	Note	31 Dec 2010 S\$	31 Dec 2009 S\$
Revenue		125,265,230	107,055,564
Other income	4	2,538,765	978,709
Aircraft operating costs (excluding fuel costs)		(22,655,354)	(17,904,984)
Fuel costs		(28,247,980)	(21,486,974)
Aircraft lease rental and hire charges		(11,094,102)	(11,703,400)
Employee benefits		(27,726,020)	(22,276,970)
Advertising and sales commission expenses		(2,785,006)	(2,683,021)
Engineering and maintenance costs		(11,057,546)	(10,437,418)
Depreciation and amortisation		(9,060,638)	(6,929,130)
Other expenses		(5,301,759)	(4,340,771)
Finance costs		(117,521)	(143,508)
Profit before tax		9,758,069	10,128,097
Income tax expense		(2,621,783)	(3,037,030)
Profit for the financial period		7,136,286	7,091,067
Other comprehensive income			
Foreign currency translation		2,626,768	1,940,399
Other comprehensive income for the financial period, net of tax		2,626,768	1,940,399
Total comprehensive income for the financial period		<u>9,763,054</u>	<u>9,031,466</u>
Profit attributable to owners of the parent		<u>7,136,286</u>	<u>7,091,067</u>
Total comprehensive income attributable to owners of the parent		<u>9,763,054</u>	<u>9,031,466</u>
Earnings per share			
- Basic (in cents)		3.58	3.64
- Diluted (in cents)		<u>3.56</u>	<u>3.63</u>

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying condensed notes to the consolidated interim financial report.

Skywest Airlines Ltd. and Subsidiaries

Consolidated Statement of Financial Position as at 31 December 2010

	Note	31 Dec 2010 S\$	30 Jun 2010 S\$	31 Dec 2009 S\$
ASSETS				
Non-current assets				
Property, plant and equipment	6	63,831,826	58,235,854	59,408,648
Intangible assets		17,189,508	17,201,255	17,214,118
Other receivables		2,333,433	2,947,471	–
Prepayments		3,123,471	7,049,781	725,703
		<u>86,478,238</u>	<u>85,434,361</u>	<u>77,348,469</u>
Current assets				
Inventories		5,061,331	4,441,957	4,057,270
Trade and other receivables		32,825,648	23,540,828	19,942,051
Prepayments		3,359,653	2,062,562	1,173,013
Other investments		505,157	456,664	692,723
Cash and cash equivalents		4,555,378	12,940,709	10,732,714
		<u>46,307,167</u>	<u>43,442,720</u>	<u>36,597,771</u>
Total assets		<u>132,785,405</u>	<u>128,877,081</u>	<u>113,946,240</u>
EQUITY AND LIABILITIES				
Current liabilities				
Provisions		7,086,681	4,974,775	6,378,119
Income tax payable		3,610,537	1,952,190	5,733,239
Borrowings		966,558	2,930,993	2,943,184
Trade and other payables		24,635,290	32,774,824	17,683,856
Revenue received in advance		10,150,656	12,091,664	9,832,807
Bank overdrafts		2,771,926	–	–
		<u>49,221,648</u>	<u>54,724,446</u>	<u>42,571,205</u>
Net current liabilities		<u>(2,914,481)</u>	<u>(11,281,726)</u>	<u>(5,973,434)</u>
Non-current liabilities				
Provisions		1,338,095	888,728	209,137
Deferred tax liabilities		10,953,551	9,298,998	4,953,593
Borrowings		3,840,577	4,331,541	7,938,671
Other payables		–	139,870	–
		<u>16,132,223</u>	<u>14,659,137</u>	<u>13,101,401</u>
Total liabilities		<u>65,353,871</u>	<u>69,383,583</u>	<u>55,672,606</u>
Net assets		<u>67,431,534</u>	<u>59,493,498</u>	<u>58,273,634</u>
Equity attributable to owners of the parent				
Share capital	7	43,809,091	43,809,091	43,809,091
Treasury shares	7	–	–	(631,854)
Reserves		4,440,292	1,417,521	1,997,105
Retained earnings		19,182,151	14,266,886	13,099,292
Total equity		<u>67,431,534</u>	<u>59,493,498</u>	<u>58,273,634</u>
Total equity and liabilities		<u>132,785,405</u>	<u>128,877,081</u>	<u>113,946,240</u>

The above Consolidated Statement of Financial Position should be read in conjunction with the condensed notes to the consolidated interim financial report.

Skywest Airlines Ltd. and Subsidiaries

Consolidated Statement of Changes in Equity for the Half year ended 31 December 2010

		Equity attributable to owners of the parent							
Note	Share capital S\$	Treasury shares S\$	Other reserve S\$	Capital reserve S\$	Warrant reserve S\$	Foreign currency translation reserve S\$	Retained earnings S\$	Total equity S\$	
	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	–	–	–	–	–	1,940,399	–	1,940,399	
Total comprehensive income for the period	–	–	–	–	–	1,940,399	7,091,067	9,031,466	
Exercise of share warrants	820,000	–	–	–	–	–	–	820,000	
Purchase of treasury shares	–	(463,533)	–	–	–	–	–	(463,533)	
Dividends paid	9	–	–	–	–	–	(1,920,075)	(1,920,075)	
Balance at 31 December 2009	43,809,091	(631,854)	625	–	–	1,996,480	13,099,292	58,273,634	
Balance at 1 July 2010	43,809,091	–	–	827,779	187,997	401,745	14,266,886	59,493,498	
Profit for the period	–	–	–	–	–	–	7,136,286	7,136,286	
Other comprehensive income	–	–	–	–	–	2,626,768	–	2,626,768	
Total comprehensive income for the period	–	–	–	–	–	2,626,768	7,136,286	9,763,054	
Share based payment expense	–	–	–	–	396,003	–	–	396,003	
Dividends paid	9	–	–	–	–	–	(2,221,021)	(2,221,021)	
Balance at 31 December 2010	43,809,091	–	–	827,779	584,000	3,028,513	19,182,151	67,431,534	

The above Consolidated Statement of Changes in Equity should be read in conjunction with the condensed notes to the consolidated interim financial report.

Skywest Airlines Ltd. and Subsidiaries

Consolidated Statement of Cash Flows for the half year ended 31 December 2010

	Note	31 Dec 2010 S\$	31 Dec 2009 S\$
Cash flows from operating activities			
Profit before taxation		9,758,069	10,128,097
Adjustments for:			
(Gain)/loss on disposal of other investments		(79,426)	47,537
Loss on disposal of property, plant and equipment		8,649	-
Fair value loss/(gain) on other investments		(44,579)	(47,442)
Fair value adjustment for other receivables		-	91,351
Amortisation of intangible assets		12,855	12,083
Depreciation expense		9,047,783	6,917,047
Warrant expense		396,003	-
Interest expense		117,521	52,157
Interest income		(84,225)	(114,092)
Allowance for doubtful debt		-	122,193
Unrealised foreign exchange differences		<u>(1,752,775)</u>	<u>309,967</u>
Operating profit before working capital changes		17,379,875	17,518,898
Increase in inventories		(619,374)	(438,151)
(Increase)/decrease in trade, other receivables and prepayments		(6,041,563)	468,758
Decrease/(Increase) in trade, other payables and provisions		<u>(7,659,139)</u>	<u>(895,698)</u>
Cash generated from operations		3,059,799	16,653,807
Interest expense paid		(117,521)	(52,157)
Interest income received		84,225	114,092
Income tax refund (paid)		<u>125,058</u>	<u>(1,499,668)</u>
Net cash generated from operating activities		<u>3,151,561</u>	<u>15,216,074</u>
Cash flows from investing activities			
Acquisition and sales of other investments		75,512	(464,918)
Acquisition of property, plant and equipment		<u>(11,307,690)</u>	<u>(18,521,749)</u>
Net cash used in investing activities		<u>(11,232,178)</u>	<u>(18,986,667)</u>
Cash flows from financing activities			
Proceeds from borrowings		-	8,291,860
Repayment of borrowings		(853,164)	(794,407)
Dividends paid on ordinary shares		(2,221,021)	(1,920,075)
Proceeds from exercise of warrants		-	820,000
Purchase of treasury shares		<u>-</u>	<u>(463,533)</u>
Net cash generated (used in)/from financing activities		<u>(3,074,185)</u>	<u>5,933,845</u>
Net (decrease)/increase in cash and cash equivalents		(11,154,802)	2,163,252
Net foreign exchange difference		(2,455)	(610,414)
Cash and cash equivalents at beginning of financial period		<u>12,940,709</u>	<u>9,179,876</u>
Cash and cash equivalents at end of financial period	5	<u>1,783,452</u>	<u>10,732,714</u>

The above Consolidated Statement of Cash Flows should be read in conjunction with the condensed notes to the consolidated interim financial report.

1. Corporate information

Skywest Airlines Ltd. (the "Company") is a limited liability company which is incorporated and domiciled in Singapore and is dual-listed on the London Stock Exchange's Alternative Investment Market (AIM), and the Australian Securities Exchange (ASX).

The half year financial report of the Company as at and for the six months period ended 31 December 2010 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 2010 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 2010, which is expressed in Singapore dollars, has been prepared in accordance with International Accounting Standards IAS34: 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 2010 and considered together with any public announcements made by Skywest Airlines Ltd during the half year ended 31 December 2010 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 2010, 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 2010. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

IFRS 5 – Non-current assets held for sale and discontinued operations: clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in IFRS 5.

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 7 –Statement of cash flows: classification of expenditures on unrecognised assets. Only expenditure that results in a recognised asset can be classified as a cash flow from investing activities.

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 36 - Impairment of Assets. The largest unit permitted for allocating goodwill acquired in a business combination is the operating segment defined in IFRS 8 before aggregation for reporting purposes. 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.

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

3. Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues or incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about the resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been based on the information provided to the chief operating decision makers- being the executive management team. The accounting policies applied for internal reporting are consistent with the policies applied in the preparation of the financial statements.

The Group has identified that it has one operating segment with operations predominantly in Australia as an Airline operator.

Skywest Airlines Ltd. and Subsidiaries**Condensed Notes to the Financial Statements for half year ended 31 December 2010**

4. Other income

	Half year Consolidated	
	2010	2009
	S\$	S\$
Bank guarantee income from a related party	158,926	181,143
Foreign exchange gains	1,623,738	678,148
Interest income from third parties	82,767	111,821
Interest income from related parties	1,458	2,271
Gain on derivatives	534,319	–
Gain on sales of other investments	79,426	–
Dividend income	4,388	–
Other miscellaneous income	53,743	5,326
	<u>2,538,765</u>	<u>978,709</u>

5. Cash and cash equivalents

	Half year Consolidated	
	2010	2009
	S\$	S\$
Bank balances	4,555,378	10,732,714
Less: Bank overdrafts	<u>(2,771,926)</u>	<u>–</u>
Cash and cash equivalents in consolidated cash flow statement	<u>1,783,452</u>	<u>10,732,714</u>

Skywest Airlines Ltd. and Subsidiaries

Condensed Notes to the Financial Statements for half year ended 31 December 2010

6. Property, plant and equipment

	Rotables S\$	Aircraft & related equipment S\$	Aircraft improvements S\$	Plant and equipment S\$	Leasehold improvement S\$	Motor vehicle S\$	Total S\$
<u>Cost:</u>							
Balance at 1 July 2009	16,703,401	28,004,628	23,268,188	7,044,909	1,953,956	71,912	77,046,994
Additions	1,097,346	9,312,805	7,571,463	540,135	–	–	18,521,749
Reclassification/Disposal/written off	–	–	–	(6,873)	–	–	(6,873)
Derecognition of fully depreciated maintenance	–	–	(3,921,429)	–	–	–	(3,921,429)
Translation adjustments	1,210,226	2,029,043	1,685,870	509,097	141,572	–	5,575,808
Balance at 31 December 2009	19,010,973	39,346,476	28,604,092	8,087,268	2,095,528	71,912	97,216,249
<u>Accumulated depreciation:</u>							
Balance at 1 July 2009	5,551,632	10,117,650	11,629,637	4,654,643	371,418	26,368	32,351,348
Charge for the period	525,632	1,155,337	4,726,954	419,852	82,081	7,191	6,917,047
Disposal/written off	–	–	–	(6,873)	–	–	(6,873)
Derecognition of fully depreciated maintenance	–	–	(3,921,429)	–	–	–	(3,921,429)
Translation adjustments	411,889	753,473	929,400	343,257	29,489	–	2,467,508
Balance at 31 December 2009	6,489,153	12,026,460	13,364,562	5,410,879	482,988	33,559	37,807,601
<u>Net carrying amount:</u>							
Balance at 31 December 2009	12,521,820	27,320,016	15,239,530	2,676,389	1,612,540	38,353	59,408,648
Balance at 1 July 2009	11,151,769	17,886,978	11,638,551	2,390,266	1,582,538	45,544	44,695,646

Skywest Airlines Ltd. and Subsidiaries

Condensed Notes to the Financial Statements for half year ended 31 December 2010

	Rotables S\$	Aircraft & related equipment S\$	Aircraft improvements S\$	Plant and equipment S\$	Leasehold improvement S\$	Motor vehicle S\$	Total S\$
Cost:							
Balance at 31 December 2009	19,010,973	39,346,476	28,604,092	8,087,268	2,095,528	71,912	97,216,249
Additions	4,237,860	2,043,611	2,139,364	412,349	–	–	8,833,184
Derecognition of fully depreciated maintenance	–	–	(6,379,697)	–	–	–	(6,379,697)
Translation adjustments	(813,477)	(1,560,753)	(1,083,453)	(338,527)	(95,161)	–	(3,891,371)
Balance at 30 June 2010	22,435,356	39,829,334	23,280,306	8,161,090	2,000,367	71,912	95,778,365
Accumulated depreciation:							
Balance at 31 December 2009	6,489,153	12,026,460	13,364,562	5,410,879	482,988	33,559	37,807,601
Charge for the period	1,068,626	1,658,690	4,742,312	342,345	98,773	7,191	7,917,937
Derecognition of fully depreciated maintenance	–	–	(6,379,697)	–	–	–	(6,379,697)
Translation adjustments	(334,981)	(604,761)	(581,597)	(256,113)	(25,878)	–	(1,803,330)
Balance at 30 June 2010	7,222,798	13,080,389	11,145,580	5,497,111	555,883	40,750	37,542,511
Net carrying amount:							
Balance at 30 June 2010	15,212,558	26,748,945	12,134,726	2,663,979	1,444,484	31,162	58,235,854
Balance at 31 December 2009	12,521,820	27,320,016	15,239,530	2,676,389	1,612,540	38,353	59,408,648

Skywest Airlines Ltd. and Subsidiaries

Condensed Notes to the Financial Statements for half year ended 31 December 2010

	Rotables S\$	Aircraft & related equipment S\$	Aircraft improvements S\$	Plant and equipment S\$	Leasehold improvement S\$	Motor vehicle S\$	Total S\$
<u>Cost:</u>							
Balance at 1 July 2010	22,435,356	39,829,334	23,280,306	8,161,090	2,000,367	71,912	95,778,365
Additions	7,207,889	3,147,815	–	291,098	660,888	–	11,307,690
Reclassification/Disposal/written off	–	–	(997,883)	(55,156)	–	–	(1,053,039)
Derecognition of fully depreciated maintenance	–	–	(472,051)	–	–	–	(472,051)
Translation adjustments	1,759,772	2,770,002	1,959,473	663,898	156,698	–	7,309,843
Balance at 31 December 2010	31,403,017	45,747,151	23,769,845	9,060,930	2,817,953	71,912	112,870,808
<u>Accumulated depreciation:</u>							
Balance at 1 July 2010	7,222,798	13,080,389	11,145,580	5,497,111	555,883	40,750	37,542,511
Charge for the period	2,000,576	1,843,494	4,614,702	431,980	149,840	7,191	9,047,783
Disposal/written off	–	–	–	(46,507)	–	–	(46,507)
Derecognition of fully depreciated maintenance	–	–	(472,051)	–	–	–	(472,051)
Translation adjustments	570,157	1,041,111	867,872	444,177	43,929	–	2,967,246
Balance at 31 December 2010	9,793,531	15,964,994	16,156,103	6,326,761	749,652	47,941	49,038,982
<u>Net carrying amount:</u>							
Balance at 31 December 2010	21,609,486	29,782,157	7,613,742	2,734,169	2,068,301	23,971	63,831,826
Balance at 1 July 2010	15,212,558	26,748,945	12,134,726	2,663,979	1,444,484	31,162	58,235,854

Skywest Airlines Ltd. and Subsidiaries

Condensed Notes to the Financial Statements for half year ended 31 December 2010

7. Share capital and treasury shares

(a) Share capital

	31 Dec 2010		30 Jun 2010		31 Dec 2009	
	No. of shares	S\$	No. of shares	S\$	No. of shares	S\$
Issued and fully paid :						
At 1 Jul 2010/ 1 Jan 2010/ 1 Jul 2009	199,600,000	43,809,091	199,600,000	43,809,091	195,500,000	42,989,091
Issue of shares under warrant scheme	-	-	-	-	4,100,000	820,000
At 31 Dec 2010/ 30 Jun 2010/ 31 Dec 2009	<u>199,600,000</u>	<u>43,809,091</u>	<u>199,600,000</u>	<u>43,809,091</u>	<u>199,600,000</u>	<u>43,809,091</u>

(b) Treasury shares

	31 Dec 2010		30 Jun 2010		31 Dec 2009	
	No. of treasury shares	S\$	No. of treasury shares	S\$	No. of treasury shares	S\$
Issued and fully paid :						
At 1 Jul 2010/ 1 Jan 2010/ 1 Jul 2009	-	-	(3,000,000)	(631,854)	(1,000,000)	(168,321)
Acquired during the period	-	-	(1,000,000)	(348,367)	(2,000,000)	(463,533)
Disposed during the period						
-Cash consideration net of expenses	-	-	4,000,000	1,808,000	-	-
-Gain transferred to capital reserve	-	-	-	(827,779)	-	-
At 31 Dec 2010/ 30 Jun 2010/ 31 Dec 2009	<u>-</u>	<u>-</u>	<u>4,000,000</u>	<u>980,221</u>	<u>(3,000,000)</u>	<u>(631,854)</u>

8. Other reserves**a) Capital reserve**

This represents the gain or loss arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

b) Warrant reserve

Warrant reserve represents warrants on shares granted to directors and other executives of the Group. The reserve is made up of the cumulative fair values of the warrants which are issued fully vested at grant date.

The Company has a warrant scheme under which options to subscribe for the Company's ordinary shares have been granted to the Directors and Executives of the Group for the purpose of providing incentives and rewards to eligible participants who have contributed significantly to the growth and performance of the Group.

Movement of share warrants during the financial period

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share warrants during the financial period:

	31 Dec 2010	
	No.	WAEP
Outstanding at 1 July 2010	3,040,000	S\$0.24 (10.25 pence)
- Granted	2,700,000	S\$0.48 (23.5 pence)
- Lapsed	-	-
- Exercised	-	-
	<u>5,740,000</u>	<u>S\$0.35</u> <u>(16.48 pence)</u>
Outstanding at 31 Dec 2010	<u>5,740,000</u>	<u>S\$0.35</u> <u>(16.48 pence)</u>
Exercisable at 31 Dec 2010	<u>5,740,000</u>	<u>S\$0.35</u> <u>(16.48 pence)</u>

- The weighted average fair value of the warrants granted during the half year period was S\$0.15.

- The weighted average share price at the date of exercise of the warrant exercised during the financial period was NIL.

- The exercise price for warrant outstanding at the end of the year was S\$0.35 (16.48 pence).

Fair value of warrants granted

The fair value of the warrants granted is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the instruments were granted.

Skywest Airlines Ltd. and Subsidiaries

Condensed Notes to the Financial Statements for half year ended 31 December 2010

The following table lists the inputs into the binomial option pricing model year ended 31 December 2010:

	31 Dec 2010
Dividend yield	3.23%
Expected volatility	65%
Risk-free interest rate	3.23% per annum
Expected life of warrant	2 years
Weighted average share price	<u>23.75 pence</u>

c) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

9. Dividends

	Half year Consolidated	
	2010	2009
	S\$	S\$
Declared and paid during the half year on ordinary shares:		
<i>Dividends on ordinary shares</i>		
- Final exempt (one-tier) dividend for 2010: \$0.011 (2009: \$0.010) per share	<u>2,221,021</u>	<u>1,920,075</u>
Proposed but not recognised as a liability as at 31 December		
<i>Dividends on ordinary shares</i>		
- Interim exempt (one-tier) dividend for half year ended 31 December 2010: \$Nil (2009: \$0.005) per share	<u>—</u>	<u>983,000</u>

10. Commitments and contingencies

There are no changes to the commitments and contingencies disclosed in the most recent annual report.

11. Comparative figures

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

Skywest Airlines Ltd. and Subsidiaries

Condensed Notes to the Financial Statements for half year ended 31 December 2010

12. Subsequent events

Subsequent to the statement of financial position date, the followings occurred:

On 10 January 2011, a subsidiary, Skywest Airlines (Australia) Pty Ltd and Virgin Blue Group of Airlines signed a 10 year strategic alliance to service regional Australia with Skywest operating up to 18 new Virgin Blue branded turbo prop aircraft. The new aircraft will be leased from specialist leasing company Avation Plc, a related party, with an initial term of ten years.

Skywest Airlines Ltd. and Subsidiaries

Directors' declaration

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 2010 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
23 February 2011

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 (the company), which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the half-year end or from time to time during the half year.

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 and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report 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 accompanying financial report is not presented fairly, in all material respects, in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. 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.

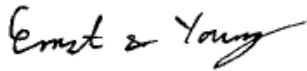
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards 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 Australian professional accounting bodies. 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, nothing has come to our attention that causes us to believe that the accompanying half-year financial report of Skywest Airlines Ltd does not present fairly, in all material respects, the consolidated entity's financial position as at 31 December 2010 and its financial performance and its cash flows for the half-year ended on that date, in accordance with IAS 34 *Interim Financial Reporting*.

A stylized, handwritten signature of the Ernst & Young firm.

Ernst & Young

A handwritten signature in black ink, likely belonging to C B Pavlovich.

C B Pavlovich
Partner
Perth
23 February 2011