

Appendix 4E

Preliminary final report (Unaudited) 12 months ended 30 June 2011

ASX Code: SXR

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

Current reporting period – year ended 30 June 2011

Previous reporting period – year ended 30 June 2010

Results for announcement to the market				S\$
Revenue	Up	11%	To	239,910,036
Profit after tax attributable to members	Up	7%	To	9,849,204
Net profit attributable to members	Up	7%	To	9,849,204

DIVIDENDS

30 June 2011 final dividend proposed	
Amount per ordinary share (cents)	1.23 cents
Total dividend declared ^	S\$2,460,492
^ Based on the number of shares issued as at 30 June 2011	

Results commentary for announcement to the market

Please refer to the separate ASX release on 29 August 2011 in conjunction with this Appendix 4E.

	June 2011	June 2010
	S\$	S\$
Net Tangible Assets per Ordinary shares	0.27	0.21

(i) The Directors of the Company have resolved to recommend a final dividend of 1.23 Singapore cents, subject to the members' approval of that dividend, which is a matter to be considered at the Company's forthcoming Annual General Meeting ("AGM"). Once the date of the AGM is set, the dividend timetable will also be confirmed (assuming that the dividend is approved by members at the AGM).

Consolidated statement of comprehensive income

	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)
Aircraft lease rental and hire charges	(18,924,001)	(22,810,036)
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)
Depreciation and amortisation	(18,788,309)	(14,859,315)
Other expenses	(3,021,212)	(2,759,237)
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)	<u>4.93</u>	<u>4.71</u>
- Diluted (in cents)	<u>4.89</u>	<u>4.69</u>

Consolidated statement of financial position

	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	21,895,069	14,266,886
Total equity	<u>70,297,535</u>	<u>59,493,498</u>
Total equity and liabilities	<u>142,081,217</u>	<u>128,877,081</u>

Consolidated statement of cash flows

	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	<u>12,940,709</u>	<u>6,733,800</u>
Cash and cash equivalents at end of year	<u><u>9,966,329</u></u>	<u><u>12,940,709</u></u>

Consolidated statement of changes in equity

	Share capital S\$	Treasury Shares S\$	Other reserve S\$	Cash flow Hedge reserve S\$	Capital reserve S\$	Warrant reserve S\$	Foreign currency translation reserve S\$	Retained earnings S\$	Total S\$
Balance at 30 June 2009	42,989,091	(168,321)	625	-	-	-	56,081	7,928,300	50,805,776
Profit for the year	-	-	-	-	-	-	-	9,233,877	9,233,877
Other comprehensive income	-	-	-	-	-	-	345,664	-	345,664
Total comprehensive income for the year	-	-	-	-	-	-	345,664	9,233,877	9,579,541
Exercise of share warrants	820,000	-	-	-	-	-	-	-	820,000
Purchase of treasury shares	-	(811,900)	-	-	-	-	-	-	(811,900)
Disposal of treasury shares	-	980,221	-	-	827,779	-	-	-	1,808,000
Warrant expense	-	-	-	-	-	187,997	-	-	187,997
Transfer of reserve	-	-	(625)	-	-	-	-	-	(625)
Dividend paid	-	-	-	-	-	-	-	(2,895,291)	(2,895,291)
Balance at 30 June 2010	43,809,091	-	-	-	827,779	187,997	401,745	14,266,886	59,493,498
Profit for the year	-	-	-	-	-	-	-	9,849,204	9,849,204
Other comprehensive income	-	-	-	(579,275)	-	-	3,267,536	-	2,688,261
Total comprehensive income for the year	-	-	-	(579,275)	-	-	3,267,536	9,849,204	12,537,465
Exercise of share warrants	118,800	-	-	-	-	(27,210)	-	-	91,590
Warrant expense	-	-	-	-	-	396,003	-	-	396,003
Dividend paid	-	-	-	-	-	-	-	(2,221,021)	(2,221,021)
Balance at 30 June 2011	43,927,891	-	-	(579,275)	827,779	556,790	3,669,281	21,895,069	70,297,535

Basis of preparation of preliminary final report

The preliminary final report has been prepared in accordance with ASX listing rule 4.3A and has been derived from the unaudited financial report. The financial report has been prepared in accordance with measurement and recognition (but not disclosure) requirements of International Financial Reporting Standards (IFRS).

As such, this preliminary final report does not include all the notes of the type included in an annual financial report and accordingly, should be read in conjunction with the annual report for the year ended 30 June 2010 and with any public announcements made by Skywest Airlines Ltd during the reporting period.

The preliminary final report is presented in Singapore dollars.

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 – Disclosure required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations

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.

IFRS8 – Disclosure of information about segment assets

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.

IAS1 – Current/non-current classification of convertible instruments

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 – Classification of expenditures on unrecognised assets

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 17- Classification of leases of land and buildings

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- Unit of accounting for goodwill impairment test

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 38 – Measuring the fair value of an intangible asset acquired in a business combination

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 39 – Treating loan prepayment penalties as closely related derivatives.

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.

This report is based on the financial report for the year ended 30 June 2011, which is in the process of being audited.

Notes to statement of comprehensive income

Revenue

	2011 S\$	2010 S\$
Passenger, charter and freight income	<u>239,910,036</u>	<u>215,204,636</u>

Other income

	2011 S\$	2010 S\$
Bank guarantee income from a related party	158,926	362,908
Foreign exchange gains	1,775,745	135,658
Interest income from third parties	299,317	264,044
Interest income from related parties	34,812	5,190
Fair value gain on other investments	3,122	–
Gain on sales of other investments	140,328	50,291
Dividend income	8,829	4,905
Other miscellaneous income	3,000	7,301
	<u>2,424,079</u>	<u>830,297</u>

Details of individual and total dividends and dividend payments

	2011	2010
	S\$	S\$
Declared and paid during the financial year		
<i>Dividends on ordinary shares</i>		
- Final exempt (one-tier) dividend for 2010: \$0.011 (2009: \$0.010) per share	2,221,021	1,920,075
- Interim exempt (one-tier) dividend for 2011: \$Nil (2010: 0.005) per share	–	975,216
	<u>2,221,021</u>	<u>2,895,291</u>

Singapore currently adopts a one-tier corporate tax system. Under the one-tier corporate tax system, tax paid by a Singapore-resident company on its chargeable income is the final tax. All dividends paid by a Singapore-resident company are exempt from tax in the hands of its Singapore-resident shareholders.

Earnings per share (EPS)

Details of basic and diluted EPS reported separately in accordance with IAS 33: Earnings Per Share are as follows

	2011	2010
	S\$	S\$
Profit for the year	<u>9,849,204</u>	<u>9,233,877</u>
	No. of ordinary shares	
Weighted average number of ordinary shares for basic earnings per share computation	199,686,795	196,186,027
Effects of dilutive warrants	<u>1,527,225</u>	<u>513,975</u>
Weighted average number of ordinary shares for diluted earnings per share computation	<u>201,214,020</u>	<u>196,700,002</u>

Subsequent events

Subsequent to the year end, the following occurred:

- (1) The Group incorporated a wholly owned subsidiary, F11305 Pte Ltd.
- (2) The Group entered into a lease agreement for a Fokker 100 aircraft on 15 July 2011.
- (3) A subsidiary, Skywest Airlines (Australia) Pty Ltd on 11 May 2011 signed an agreement enabling it to operate domestic services for Virgin Australia Airlines Pty Ltd.
- (4) A subsidiary, Skywest Airlines (Australia) Pty Ltd agreed to lease eight ATR72 Aircraft from a related party, Airframe Leasing (S) Pte Ltd, and has already taken delivery of two aircraft.
- (5) The Directors of the Company have resolved to recommend a final dividend of 1.23 Singapore cents, subject to the members' approval of that dividend, which is a matter to be considered at the Company's forthcoming AGM. Once the date of the AGM is set, the dividend timetable will also be confirmed (assuming that the dividend is approved by members at the AGM).

Segmental reporting

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