

**ASX code SXR**  
**AIM code SKYW**

**SKYWEST AIRLINES LTD**  
**(The "Company")**

**TRADING UPDATE**

Highlights

- **20% INCREASE IN REVENUES ANTICIPATED**
- **ATR-72 FLEET TO EXPAND BY A FURTHER 5 AIRCRAFT**
- **ONE "CHARTER" AIRCRAFT TO BE ON STANDBY FROM JANUARY 2012**

Current trading and outlook

During the first half year of fiscal year 2012, the Australian subsidiary, Skywest Airlines (Australia) Pty Ltd ("Skywest"), has commenced operations under the Australian Regional Airline Network (ARAN) wet lease arrangements with Virgin Australia Ltd and has also commenced several new charter flights for BHP Iron Ore and others. Further growth is expected with certain resource companies planning to expand in the region and Wheatstone LNG contract underway. The Company remains focused on delivering exceptional service to as many FIFO resource clients as possible and to further expand and resource this avenue of business as much as possible. As a consequence of the business growth and the delivery on our business strategy, we expect a material increase in revenues for the half year period ending December 31 2011. It is anticipated that revenues for the half year period will increase to be approximately SG \$150m (which is approximately an increase of 20% over the comparable period last year).

The Company as a matter of policy and practicality cannot provide "guidance" nor a forecast due to uncertainties in the airline industry which make it difficult to accurately predict profitability figures. However, for the half year period management estimates that EBITDAR may increase and be somewhere in the range of SG \$31 - \$33m and NPAT after multiple one off costs and other items to be in the range of SG \$4 - 5m. These are management estimates only and do not take into account any potential major fluctuations caused by future cyclone related ad-hoc charters, volatility in fuel costs, exchange rate movements and other factors.

Australian Regional Airline Network wet lease with Virgin Australia

As at the date of this announcement Skywest has successfully commenced operating three ATR-72 aircraft under the ARAN wet lease agreement with Virgin Australia. A fourth aircraft has been delivered and is expected to have an entry into commercial service in January 2012. It is also expected that four additional ATR-72 aircraft will be delivered and enter commercial service during calendar year 2012. For clarity and certainty it should be noted that aircraft lease options have also been exercised by Virgin Australia for an expansion of an additional five aircraft for future delivery, upon commercial delivery these aircraft will also be operated by Skywest and at that time bring the total number of aircraft operating under the ARAN wet lease agreement to 13.

Entry into service of an additional F100

The Company has leased an additional Fokker 100 aircraft, this aircraft is to be based in Perth, will be made ready for entry into service in January 2012. The aircraft will be available to reduce Skywest's cross-hiring of 3rd party airlines in the event of existing fleet unavailability and will also be available to expand the FIFO charter business further. It is possible that with an additional aircraft asset available Skywest's on time performance may further increase.

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