

26 February 2009

SKYWEST AIRLINES LTD
(‘Skywest’ or the ‘Company’)
CONSOLIDATED UNAUDITED RESULTS FOR THE
SIX MONTHS ENDED 31 DECEMBER 2008

Skywest Airlines Ltd advises its interim results for the six months to 31 December 2008 a period that represents the first half of the 2008 – 2009 financial year (the “Period”).

HIGHLIGHTS

- Revenue for the Period increased by 31% to \$97,308,717 from the comparable half year period in the 2007-8.
- Investments of \$5.7M made to establish the services for the major Rio Tinto contract fully accounted for.
- EBITDAR for the Period was \$13,850,283.
- Basic underlying net operating profit for the Period from airline operations was \$1,123,071.
- After unrealised foreign exchanges losses of \$3,388,729, one time costs and the like, recognized during the Period the net loss attributable to shareholders was \$2,786,267
- The directors believe that, given a difficult operating environment, the result is satisfactory and the revenue increase of 31% provides a solid foundation for earnings growth.

The results for the half year ended 31 December 2008 based on unaudited financial statements as reported are as follows in Singapore Dollars along with an equivalent in Pounds Sterling:

	In SGD	GBP equivalent (1)
Revenue from ordinary activities	97,308,717	39,260,175
EBITDAR (earnings before interest, tax, depreciation and aircraft rental)	13,850,283	5,588,035
Net loss after income tax	(2,786,267)	(1,124,147)
Loss attributable to shareholders	(2,786,267)	(1,124,147)
Loss per share for the 6 months	(1.40) cents	(0.56) pence

Notes:

(1) The applicable exchange rate between GBP and SGD at the average exchange rate of 0.40346 was used in the presentation of the accounts.

(2) The Company's results are reported in Singapore Dollars ('SGD \$' or 'SGD'), all reference to '\$' of Dollars are references Singapore Dollars unless otherwise stated.

Enquires:

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Jeff Chatfield, Executive Chairman

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CHAIRMAN'S STATEMENT

We present our interim results for the six months ended 31 December 2008. The Company's airline operations have resulted in Group revenues for the half year increasing to \$97,308,717 with earnings before interest, taxation, depreciation, amortization and aircraft rentals (EBITDAR) being \$13,850,283. Revenues increased by 31% a trend which continues in the current trading. The directors believe that, given set-up costs of \$5.7M to facilitate the \$100M RIO contract and the difficult operating environment, the result is satisfactory.

The airline operations generated an operating profit of \$1,123,071. However after unrealized foreign exchanges losses of \$3,388,729, one time costs and the like that were recognized during the Period the net loss attributable to shareholders was \$2,786,267.

The economic conditions were challenging and were coupled with high volatility in fuel costs and currencies. However, despite the environment the operations of the airline remain profitable and operationally cash positive. In recent months the management has been focused on efficiency improvements and a timely cost reduction program that has strengthened the overall operation. These measures along with the investment that took place during the Period to ramp up for the Rio Tinto Ltd air services contract announced earlier in the year along with other charter contracts has put your Company in a robust state to take full advantage of opportunities which continue to present themselves in the charter services sector.

The Company's results are presented and prepared in accordance with IFRS and are unaudited.

TRADING

The past six months have seen a difficult period in the regular scheduled airline business that the Company operates in which flights are sold to the flying public. Deterioration in local economic conditions has seen a lowering of passenger numbers during the past six months. Regular passenger transport numbers fell by 2.3% over the same period last year. But dollars lost were off-set by growth in charters. There also were significant negative swings in both fuel prices and currency rates particularly between the AUD and USD.

Despite the difficult trading conditions, the Company is taking advantage of opportunities to increase services to key markets, including airports such as Darwin, Kununurra and Karratha.

The Company continues to pursue contracts for scheduled charter services with key resource companies. These long term scheduled charters involve flying workers from the key residential areas of Perth and other regional centres into the remote mining areas. These contracts are typically for three or more years. This area continues to grow significantly notwithstanding the global downturn. Charter services grew by 94.6% over the same period last year.

During the six months, Skywest commenced charter services for Rio Tinto Ltd for regular services between Perth and its iron ore operations in the Pilbara region of Western Australia. This contract involves the provision of 20 services per week.

Additionally, the Company rolled over its contract with Rio Tinto's subsidiary Argyle Diamonds for the transport of employees between Perth and the mine in the Kimberley. Scheduled charters for other clients continue, including Fortescue Metals Group Ltd, Newcrest Mining, Newmont Mining and others. Furthermore, Skywest often sells regular passenger tickets combined with block space bookings for resource companies on regular passenger transport routes thus maximizing its revenue potential per flight.

ONE TIME IMPACTS

Included in the current Period's results is a material adjustment from exchange losses equal to \$3,388,729. These adjustments are due to recent movements in the exchange rate, particularly the significant deterioration in the exchange rate between the Australian Dollar and currencies such as the Singapore & US Dollars. The Australian Dollar has deteriorated by 24% against the Singapore Dollar and 28% against the US Dollar over the Period. For the sake of clarity, the Company holds many assets valued in Australian dollars, yet reports in Singapore dollars and therefore any diminution in the value of the Australian dollar may cause an exchange loss, albeit such loss may not have been realized. Indeed should the Australian Dollar increase in value during the second half of this financial year the unrealized exchange rate losses may be reversed.

One time costs associated with the gearing up for the major Rio Tinto air services contract were estimated to be approximately AUD \$5.7M. All of these costs have been expensed during the Period.

OPERATIONAL OUTLOOK AND OPERATIONAL INITIATIVES

Difficult economic conditions are having a significant impact on the business. Despite this extraordinary environment and a noticeable decline in customer consumer confidence, the Company is well positioned to grow and prosper; due in part to its two segment strategy of targeting both regular scheduled passenger transport and scheduled charter services. The ability of the Company to redeploy assets between the two operating business segments is a significant advantage during current times.

Strategically, the Company has been determined to embark on a major cost saving initiative with the aim of stripping at least \$10M per annum from the operating cost base of the Company. The Board is pleased to report that this program is on schedule. Cost-saving initiatives have included: significant reductions in supply costs from major suppliers, staff savings due to greater efficiency in human resources management, changes to aircraft parts procurement processes, pay freezes for senior management, reduction in capacity on some routes and relinquishment of inefficient office space.

The 2009 financial year will remain challenging for the Company; however the Board feels that a number of positive factors will ultimately see an improved second half year of the 2008-2009 financial year for the Company. These include the cost-saving initiatives currently being actioned, the continued strong performance of the Scheduled Charter sector and the significant decline in the price of fuel over the past few months.

The Company continues to aggressively compete for major scheduled charter work throughout Western Australia. The resources industry, in particular the gas sector, is continuing to expand, and will provide further opportunities for scheduled charter services.

Additional opportunities for profitable regular passenger transport services are also being undertaken, including increased flights to Darwin, Kununurra and Karratha.

The Company's wholly owned Singapore subsidiary has been approved by the Economic Development Board of Singapore (the "EDB") for incentive under the EDB's Aircraft Leasing Scheme. This scheme primarily involves the provision of concessional tax rates associated with the leasing of aircraft. At this time, the Company cannot provide reliable guidance on the tax savings which could result from participation in the EDB scheme, however, the Company is thankful for the opportunity and believes that over the next 5 years participation in the scheme may produce tangible benefits to shareholders.

RISK AND COMMENTS ON FUEL COSTS

Risks faced by the business are normal commercial risks and typical airline industry related risks.

While fluctuations in fuel costs have unpredictable consequences to the bottom line, it may be that increasing fuel costs could assist our returns rather than diminish them. The reason for this focuses on the decision making process when a passenger chooses to either travel in an automobile or to fly. Air travel in Australia is a more cost effective option for the consumer than an automobile over the vast distances of Skywest's routes. This is because the amount of fuel used by an aircraft on a per passenger basis and its cost is typically less than that used by a single passenger on a similar trip in an automobile. This set of circumstances is only applicable when the airline has the economic freedom to directly pass to the end user changes in fuel cost.

To mitigate the fuel cost issues, the Company operates an ethical and transparent fuel levy policy on pricing of ticket sales to the public. The Company also has rise and fall provisions in its contracts with mining companies where on the basis of a transparent formula, in so far as possible, the Company passes on increases in fuel.

We would like to take this opportunity of thanking you - the shareholders and owners of the enterprise - for your continued support and your encouragement. We look forward to keeping you updated on the progress of our Company.

Jeff Chatfield
Executive Chairman,
Singapore, 26 February 2009

UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008
In Singapore Dollars (SGD \$)

	6 months ended 31 December 2008	6 months ended 31 December 2007
Revenue	97,308,717	74,185,824
Cost of sales	<u>(51,024,315)</u>	<u>(39,355,022)</u>
Gross profit	46,284,402	34,830,802
Other operating income	216,952	552,194
Selling, general and administrative expenses	<u>(32,651,071)</u>	<u>(13,839,837)</u>
Earnings before rental of aircraft/depreciation/finance /tax costs	13,850,283	21,543,159
Rental of aircraft	(10,439,234)	(8,048,330)
Depreciation	(5,734,097)	(4,727,145)
Interest expense	<u>(189,409)</u>	<u>(95,518)</u>
(Loss) Earnings after rental of aircraft/depreciation/finance cost	(2,512,457)	8,672,166
Income tax	<u>(273,810)</u>	<u>(2,186,296)</u>
(Loss) Profit after income tax	<u>(2,786,267)</u>	<u>6,485,870</u>
(Loss) Profit attributable to shareholders of the Company	<u>(2,786,267)</u>	<u>6,485,870</u>
(Loss) Earnings per share	<u>(1.40) cents</u>	<u>3.26 cents</u>

UNAUDITED CONSOLIDATED BALANCE SHEET
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008
In Singapore Dollars (SGD \$)

	As at 31 Dec 2008	As at 31 Dec 2007
ASSETS		
Non-current assets		
Property, plant and equipment	40,066,747	48,178,599
Intangible assets	<u>17,189,508</u>	<u>17,189,508</u>
Total non-current assets	<u>57,256,255</u>	<u>65,368,107</u>
Current assets		
Cash	2,567,064	10,356,850
Trade receivables	21,521,311	13,993,002
Other receivables	2,318,196	2,504,558
Inventories	2,842,943	1,482,520
Available for sales financial assets	<u>350,013</u>	<u>3,408,240</u>
Total current assets	<u>29,599,527</u>	<u>31,745,170</u>
TOTAL ASSETS	<u><u>86,855,782</u></u>	<u><u>97,113,277</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	43,554,574	44,731,615
Reserves	(3,684,802)	1,936,004
Accumulated profits (losses)	<u>4,554,425</u>	<u>4,841,500</u>
	<u>44,424,197</u>	<u>51,509,119</u>
Current liabilities		
Bank overdraft	1,281,571	-
Trade payables	16,584,168	4,974,617
Other payables	9,953,872	18,972,038
Borrowings	-	2,536,800
Provisions	5,037,506	6,140,463
Income tax payables	<u>2,406,850</u>	<u>4,481,762</u>
Total current liabilities	<u>35,263,967</u>	<u>37,105,680</u>
Non-current liabilities		
Borrowings	2,839,661	4,876,196
Deferred tax liabilities	4,257,003	3,537,306
Provisions	<u>70,954</u>	<u>84,976</u>
Total	<u>7,167,618</u>	<u>8,498,478</u>
TOTAL EQUITY AND LIABILITIES	<u><u>86,855,782</u></u>	<u><u>97,113,277</u></u>

UNAUDITED CONSOLIDATED GROUP CASH FLOW
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008
In Singapore Dollars (SGD \$)

	6 months ended 31 December 2008	6 months ended 31 December 2007
Cash flows from operating activities		
Profit after income tax	(2,786,267)	6,485,870
Adjustments for:		
Income tax	273,810	2,186,296
Depreciation expenses	5,734,097	4,727,145
Gain on disposal of other investment	464,995	-
Gain on disposal of property, plant and equipment	-	(50,351)
Fair value adjustment for other investment	(50,859)	-
Interest expense	189,409	95,518
Interest income	(216,852)	(446,553)
Operation profits before working capital changes	3,608,333	12,997,925
Trade receivables	(3,603,660)	(1,671,058)
Other receivables	3,017,208	981,023
Inventories	445,024	(269,160)
Intangible assets	64,261	88,759
Trade payables	2,952,841	(1,553,812)
Other payables	(9,897,358)	(2,732,520)
Provisions	(1,837,708)	811,234
Cash (used in) generated from operations	(5,251,059)	8,652,391
Interest paid	(189,409)	(95,518)
Interest received	216,852	446,553
Income tax paid	-	(295,131)
Net cash (used in) generated from operating activities	(5,223,616)	8,708,295
Cash flow used in Investing activities		
Purchase of property, plant and equipment	(6,514,186)	(11,089,740)
Proceeds from disposal of property, plant and equipment	-	197,100
Purchase of available for sale financial assets	(92,593)	(2,264,169)
Dividends paid	-	(3,673,230)
Net cash used in investing activities	(6,606,779)	(16,830,039)
Cash flow (used in) generated from financing activities		
(Repayment of) Proceeds from borrowings	(1,651,283)	2,117,515
Proceeds from issuing shares (net of cost)	-	1,682,367
Net cash (used in) generated from financing activities	(1,651,283)	3,799,882
Net effect of exchange rates in consolidating subsidiaries	1,010,357	149,848
Net decrease in cash	(12,471,321)	(4,172,014)
Cash at beginning of period	13,756,814	14,528,864
Cash at end of period	1,285,493	10,356,850

Notes:

- 1) The results for the Period are derived from continuing activities.
- 2) The calculation on earnings per share have been on a weighted average 199,500,000 (2007: 198,686,962) ordinary shares in issue for the during the 6 months period.
- 3) The un-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 and 30 June 2007. The interim figures have not been audited. The interim financial statement does not constitute statutory accounts within the meaning of the Singapore Companies Act (as amended).
- 4) The interim unaudited consolidated results statement for 2008 was approved by the board of Directors. Copies of this statement will be available to shareholders and members of the public, free of charge, from its nominated adviser and the Company's registered office and the Company website www.advent.com.sg
- 5) The exchange rate applying at 31 December 2008 was AUD – SGD 0.996. The average rate applied during the six months period ended 31 December 2008 was AUD – SGD 1.122
- 6) No dividend has been declared in respect to this interim Period.