

20 October 2009,
via RNS code SKYW

Skywest Airlines Limited
(“Skywest” or the “Company”)

Audited Results for the 12 months ended 30th June 2009

Correction

In respect of the audited accounts for the year ended 30 June 2009 released this morning, the Company wishes to notify an error in the fully diluted earnings per share figure for 2009. The correct figure should be 1.55 Singapore cents per share. A revised notification is made below.

Highlights in Results

Solid Results in an unprecedented volatile operating environment:

- Revenue for the year of SGD\$180.85m;
- Group EBITDAR for the year of SGD\$36.69m;
- Group Net Profit after Tax for the year of SGD\$3.17m;
- Final Dividend of SGD\$0.01 per share (which represents a 42% increase on 2008 Final Dividend) to be proposed to shareholders;

Significant turnaround in financial performance in the second half of the year;

Industrial relations improved with Australian workforce;

The Australian Government extended Skywest’s exclusive licence for the Coastal Network of Western Australia.

The results for the Group’s full financial year ended 30 June 2009, based on the Audited Financial Statements (pursuant to International Financial Reporting Standards) and reported in Singapore Dollars are as follows (for the convenience of UK shareholders, an additional column appears to denote an equivalent value in Pounds Sterling):

Consolidated 12 months ended 30 June 2009	Audited	GBP Equivalent (ii)
	In Singapore Dollars	In GBP
Revenue from ordinary activities	180,853,269	77,152,005
EBITDAR (earnings before interest, tax, depreciation and aircraft rentals)	36,691,383	15,652,544

Net Profit after income tax	3,179,441	1,356,350
Profit attributable to shareholders	3,179,441	1,356,350
Basic earnings per share	1.60 cents	0.68 pence
Final Dividend per share	1.00 cent	N.A.
Dividend Payout Ratio	0.625	N.C.

Chairman's Statement regarding the Group's Operations and Financial Results

Dear Fellow Shareholders,

On behalf of your Board of Directors, I am pleased to present you with the audited financial statements for Skywest Airlines Ltd (the "Company") and its subsidiaries for the year ended 30th June 2009 and also take this opportunity to update you on the progress that our Group has made.

The economic conditions associated with an extraordinary period of global financial uncertainty created an extremely challenging operating environment in the last twelve months. Notwithstanding this global upheaval, the Board of Directors and senior management navigated the Group through a difficult period. The overall result for the year comprises a revenue base for the Group of \$180,853,269. The consolidated net profit after tax was \$3,179,441 with earnings per share of 1.6 cents. The consolidated EBITDAR was \$36,691,383. The financial results are entirely satisfactory given several compounding issues: the adverse economic conditions, a significant drop in the value of the Australian Dollar vs. US Currency and the impact of exorbitant fuel prices earlier in the period when oil reached US \$140 per barrel. Notwithstanding the various economic stresses, the business had robust cash flows recorded across the Group.

DIVIDEND

Your Board recognises the importance of rewarding shareholders - the owners of the Company - and is recommending that shareholders receive a final dividend payment of 1.0 cent per share, which amount represents an increase of 42% over last year's final dividend of 0.7 cent. The record date and payment timetable for this dividend will be announced in due course, if and when it is approved at this year's Annual General Meeting, which is anticipated to be held in late November.

ASX QUOTATION

The Company has its shares traded in London on the AIM market. The Company is investigating the possibility of also seeking to have its shares quoted on the Australian Securities Exchange. The purpose of such a listing, should it be completed and all regulatory and commercial requirements satisfied are twofold. Firstly, an Australian listing is expected to improve the liquidity of the Company's securities in Australia, which is where the bulk of the Group operations are located. The Airline already operates as an Australian domestic airline, has an Australian high capacity air operator's certificate and the Company has a large number of Australian shareholders. Secondly, quotation of the Company's shares on the Australian Securities Exchange might facilitate an increase in the Australian level of investment in the Company which may in turn assist the Group to obtain an Australian International Airline Licence (thus potentially positioning the Group well with growth opportunities in international routes originating or terminating in Australia.)

TRADING AND OUTLOOK

In the first half of the year, the Company reported a loss, however, this situation was rapidly halted and reversed. The prior first half period loss was mostly due to a depreciation of the Australian Dollar and an unprecedented increase in fuel costs while simultaneously suffering

a drop in consumer and business demand for travel as a consequence of the global financial crisis.

To ameliorate the consequences of the environment, the Board of Directors immediately initiated major changes to the structure and senior management of the Company and shifted the strategic focus of the Group from a high growth pursuit to one of fiscal conservatism as a consequence of the global financial crisis. The SGD \$3,179,441 profit attributable to shareholders at the end of the full reporting period represents a very significant improvement in profit in the second half of the year.

Notwithstanding this, the Company continues to recognise the huge growth potential for Western Australia, particularly in light of recent announcements of massive resource development such as the Gorgon Project. To this end, the Airline has continued to engage, with demonstrable success, an additional strategy of focusing services on the resources sector, targeting as clients the major resource producers who fly their workers on a regular scheduled basis into and out of the mining areas. These scheduled fly-in fly-out contracts provide strong baseline recurring revenues. The Airline is well placed to capture more business in this area and at this time, it is tendering for various charter contracts and has deployed an additional aircraft, which may be utilized in due course for the purpose of operating additional charter services.

The Company also continues to provide conventional airline services to all of the major airports in Western Australia and beyond, as it has done for the previous 46 years. This regular airline business that the Company operates, whereby scheduled flights are provided and sold to the flying public, continues its organic growth within a relatively stable environment. We believe that the scope for growth in this area of the business is significant, which the Airline continues to stimulate by expanding its route network, adding regional routes as and when more aircraft become available through new fleet additions or by virtue of adjusted scheduling in accordance with demand.

In furtherance of its revenue growth, the Airline also enjoys a unique advantage in its business operations by being able to sell regular passenger tickets combined with block bookings to its resource clients thus, combining two methods of operation and commerce within the ambit of the transport policies of the current Western Australian Government. Furthermore, the Airline has an exclusive licence issued by the Western Australian Government on some routes. During the period, the Government extended the Airline's exclusive licence for the Coastal Network of Western Australia.

During the period, the Airline's total fleet size was 15 aircraft but shareholders should note that, subsequent to the period's end, an additional F100 jet aircraft was added, bringing the total fleet size to 16 aircraft. Cognisant of the risks associated with over-expansion, the Airline tempered the fleet's growth this year and therefore has not always deployed as many aircraft as it was potentially able. This conservative strategy had an impact on cross hire costs.

LABOUR AND HUMAN RESOURCES

The Airline recently completed the negotiation of Enterprise Bargaining Agreements ("EBA") with the Airline's pilot group of employees and engineering group of employees. The two EBAs provide labour cost certainty to the Group for a period of 1 year in respect to

the pilots and 3 years in respect to the engineers. The Board of Directors is pleased the Airline reached consensus with its workforce and anticipates greater productivity and better workplace relations.

At the seniormost management level of the Airline certain changes were made including the hiring of two senior business executives including a CEO so as to strengthen the fiscal management of the Airline and provide a more conservative stance during the period of the global financial crisis. While growth still matters, prudence requires conservative skill sets in cost management.

RISKS

Risks faced by the business remain the normal commercial risks and typical airline industry related risks. The Company and its shareholders must anticipate a slow down in the rate of growth due to the global crisis of confidence in the broader economy associated with the credit institutions. This year has demonstrated the impact of significant rapid changes in exchange rate and fuel costs. These two factors still represent a significant risk to the business. Australian domestic fuel prices, when combined with a lowering in the value of the Australian dollar, cause increased overall costs to the Airline's operations. The Company does attempt to mitigate changes in the dollar and fuel costs by way of hedging, however, rapid and massive changes can quickly impact the finances of the Group with significant consequences.

I would like to take this opportunity of thanking you - the shareholders – for your continued support during this exciting but challenging period in the Company's operations and look forward to keeping you updated on the progress of the Group.

In due course, shareholders will receive an annual report and notice of meeting for the forthcoming Annual General Meeting, which documents will also be accessible on the Company website at www.advent.com.sg

Jeff Chatfield
Executive Chairman

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Notes:

The Group results are audited pursuant to International Financial Reporting Standards.

In this announcement, the applicable exchange rate between SGD and GBP was taken to be the average exchange rate of 1:0.4266 which was used in the presentation of the accounts.

This exchange rate for the payment of the proposed final dividend will be announced when, and if payment of the dividend is approved by shareholders.

Financial Statements,**Audited Consolidated Group Income Statement**

In Singapore dollars	2009	2008 <u>Restated (4)</u>
Revenue	180,853,269	184,202,539
Cost of sales	(90,166,110)	(88,260,160)
Gross profit	90,687,159	95,942,379
Other income	654,100	1,278,939
Administrative expenses	(52,623,735)	(58,631,353)
Other expenses	(2,026,140)	(484)
Earnings before rental of aircraft, depreciation and finance cost	36,691,384	38,589,481
Rental of aircraft	(19,978,299)	(14,990,325)
Depreciation	(11,255,099)	(10,296,954)
Finance cost	(314,362)	(549,973)
Earnings after rental of aircraft, depreciation and finance cost	5,143,624	12,752,229
Income tax	(1,964,183)	(3,554,757)
Profit for the year	3,179,441	9,197,472
Attributable to:		
Equity holders of the Company	3,179,441	9,197,472
Earnings per share		
Basic earnings per share (cents)	1.60	4.61
Diluted earnings per share (cents)	1.55	4.34

Audited Consolidated Balance Sheet

In Singapore dollars

2009**2008****Restated (4)****ASSETS****Non-current assets**

Property, plant and equipment	44,695,646	50,720,919
Intangible assets	17,223,929	17,253,769
	<u>61,919,575</u>	<u>67,974,688</u>

Current assets

Other investments	227,900	671,556
Inventories	3,619,119	3,287,967
Trade receivables	15,795,147	17,918,651
Other receivables	6,727,922	5,335,404
Cash and cash balance	9,179,876	13,756,814
	<u>35,549,964</u>	<u>40,970,392</u>

Total assets	<u>97,469,539</u>	<u>108,945,080</u>
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EQUITY AND LIABILITIES**Equity attributable to equity holders of the company**

Share capital	42,989,091	43,554,574
Treasury shares	(168,321)	-
Assets revaluation reserve	625	625
Currency translation reserve	56,081	2,188,202
Retained earnings	7,928,300	6,137,919
Total equity	<u>50,805,776</u>	<u>51,881,320</u>

Non-current liabilities

Borrowings	2,144,015	3,306,776
Deferred tax liabilities	5,115,380	5,075,862
Provisions	264,309	93,356
	<u>7,523,704</u>	<u>8,475,994</u>

Current liabilities

Trade payables	10,507,466	13,631,327
Other payables	19,038,752	21,602,008
Borrowings	1,011,741	3,585,375
Provisions	5,189,090	6,852,812
Income tax payable	3,393,010	2,916,244
	<u>39,140,059</u>	<u>48,587,766</u>

Total equity and liabilities

97,469,539

108,945,080

Trade and other

**Consolidated cash flow statement for the
financial year ended 30 June 2009**

In Singapore dollars	2009	2008
		<u>Restated (4)</u>
Cash flows from operating activities		
Profit before income tax	5,143,624	12,752,229
Adjustments for:		
(Gain) on disposal of other investments	462,376	(302,508)
(Gain)/ loss on disposal of assets	-	937,131
Allowance for doubtful debts	-	21,448
Allowance for doubtful debts-release	-	(506,005)
Allowance for inventory obsolescence	44,991	187,689
Allowance for inventory obsolescence – release	-	(846,945)
Amortization of intangible	21,424	25,226
Depreciation charges	11,255,099	10,273,001
Dividend income	-	(112,601)
Fair value adjustment for other investments	(89,782)	905,806
Interest paid	314,362	549,973
Interest received	(281,554)	(910,705)
Provision for aircraft handback	(351,118)	9,239
Provision for employee's benefits	(396,698)	1,522,724
Operating profit before working capital changes	16,122,724	24,505,702
Inventories	(339,260)	(1,500,922)

Trade and other receivables	730,986	(6,937,855)
Trade and other payables	(5,687,117)	7,000,348
Cash generated from operations	10,827,333	23,067,273
Interest paid	(314,362)	(549,973)
Interest received	281,554	910,705
Income tax paid	(1,487,417)	(2,393,034)
Net cash generated from operating activities	9,307,108	21,034,971
Cash flow from investing activities		
Acquisition and sale of other investments	71,062	(130,783)
Acquisition of property plant and equipment	(11,794,382)	(18,987,701)
Dividend income	-	112,601
Proceeds from sales of property, plant and equipment	-	57,689
Net cash (used in) investing activities	(11,723,320)	(18,948,194)

In Singapore dollars	2009	2008
		<u>Restated (4)</u>
Cash flows from operating activities		
– cont'd		
Cash flow from financial activities		
Cash pledged as security	-	(2,739,947)
Dividends paid on ordinary shares (Repayment)/	(1,389,060)	(5,088,413)
Proceeds from borrowings	(3,736,395)	1,596,670
Proceeds from shares issued	-	2,178,248
Repurchase of shares	(565,483)	(1,672,922)
Purchase of treasury shares	(168,321)	-
Net cash (used in) financing activities	(5,859,259)	(5,726,364)
Net effect of exchange difference in consolidation of foreign subsidiaries	3,992,404	127,590
Net (decrease) in cash and cash equivalents	(4,283,067)	(3,511,997)
Cash and cash equivalents at beginning of year	11,016,867	14,528,864
Cash and cash equivalents at end of year	6,733,800	11,016,867

Notes:

The company intends to declare a final dividend 1.00 cent (Singapore) per share payment of which is subject to shareholder approval at the AGM.

The results for the period are derived from continuing activities.

The 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 2009.

2008 results were restated due to an error being identified in the Australian subsidiary A.C.N. 098 904 282 Pty Ltd relating to an incorrect accrual raised for fuel and oil expenses in the 2008 financial year. As a consequence in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors a restatement of comparative period balances occurred.