

**Skywest**



## Skywest Airlines Ltd

ARBN 140 631 572

Information Memorandum

for admission to the official list of the ASX

18 November 2009

Legal advisor

**herbertgeer**

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## **CORPORATE DIRECTORY**

### **Directors**

Robert Jeffries (Jeff) Chatfield (Executive Chairman)  
Seah Kian Peng (Non-executive Director)  
John Leonard Jost (Non-executive Director)  
Ronald Lewis Aitkenhead (Non-executive Director)

### **Company Secretaries**

Siobhán Mary Cool  
Han Kee Fong

### **Business Address**

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#12-04 SLF Building  
Singapore 298 135

### **Registered Office (Singapore)**

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#12-04 SLF Building  
Singapore 298 135

### **Registered Office (Australia)**

c/- Skywest Airlines (Australia) Pty Ltd  
Level 1  
Domestic Airport  
Redcliffe Western Australia 6105  
Australia

### **Local Agent (Australia)**

Skywest Airlines (Australia) Pty Ltd  
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Domestic Airport  
Redcliffe Western Australia 6105  
Australia

### **Australian Solicitors**

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Australia

### **UK Solicitors**

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6 St Andrew Street  
London EC4A 3LX  
United Kingdom

### **Auditors**

Ernst & Young  
Level 18 North Tower  
One Raffles Quay  
Singapore 048583

### **Nominated Adviser (AIM)**

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Corporate Broking  
24 Martin Lane  
London EC4R 0DR  
United Kingdom

### **Stockbroker (AIM)**

W H Ireland Ltd  
Attn Philip Haydn-Slater  
5<sup>th</sup> Floor, 24 Martin Lane  
London EC4R 0DR  
United Kingdom

### **Share Registrar (AIM)**

Computershare Investor Services PLC  
PO Box 82, The Pavilions  
Bristol BS99 7NH  
United Kingdom

### **Share Registrar (ASX)**

Computershare Investor Services Pty  
Limited  
Level 19, 307 Queen Street  
Brisbane Queensland 4000  
Australia

## **IMPORTANT INFORMATION**

This Information Memorandum is dated 18 November 2009. The information in this Information Memorandum is in relation to **SKYWEST AIRLINES LTD** (the **Company**) and contains information in respect of the listing of the Company on the official list of the ASX and the issue and quotation of CHESS Depository Interests (**CHESS DIs**) in respect of the Shares of the Company.

This Information Memorandum has been lodged simultaneously with a request for admission of the Company to the official list of the ASX and the Company understands that the ASX takes no responsibility for the contents of this Information Memorandum. The fact that the ASX may quote the Company's securities on its official list is not to be taken in any way as an indication by the ASX of the merits of the Company.

The Company has not raised any capital in the three months before the date of this Information Memorandum and will not need to raise any capital for three months after the date of this Information Memorandum.

This document is not a prospectus and does not constitute an offer of Shares or an invitation to apply for the issue of Shares in any jurisdiction. However, this Information Memorandum does contain the information that would be required under section 710 of the Corporations Act if it were a prospectus offering the same number securities for which quotation is sought.

The Company is not licensed to provide financial product advice in relation to its securities. Investors should obtain independent advice before making any financial decisions. There is no cooling off period in relation to securities in the Company.

A supplementary Information Memorandum will be issued if the Company becomes aware of any of the following between the issue of the Information Memorandum and the date the Shares are quoted:

- A material statement in the Information Memorandum is misleading or deceptive.
- There is a material omission from the Information Memorandum.
- There has been a significant change affecting a matter included in the Information Memorandum.
- A significant new circumstance has arisen and it would have been required to be included in the Information Memorandum.

Additional copies of this Information Memorandum are available by contacting the Company Secretary on fax +65 62525158 or phone +65 62522077 or by visiting [www.skywest.com.sg](http://www.skywest.com.sg).

## **1. CHAIRMAN'S LETTER**

Skywest Airlines represents a unique business in the aviation industry in Australia. The Company's operations involve regular scheduled passenger services and resource sector charter services. These operations are highly visible in Western Australia where it is the largest local airline and where its base of operations is located. Having the Company's securities quoted on the official list of the ASX will provide investors with an opportunity to acquire ownership of a relevant local asset.

The Company has previously had securities traded on the London Stock Exchange's Alternative Investment Market (**AIM**). This quotation will continue. However, an ASX quotation will provide an additional trading platform for the Company's investors. Investors may buy or sell interests in the same underlying securities on either AIM or the ASX (by way of depository interests). Historically, the Company's securities were originally listed on the AIM for the purpose of completing a takeover. That purpose was satisfied, however, the Company believes that Skywest Airlines is probably now more attractive, more interesting and more visible to Australian investors than it is to London based investors. Therefore, it is possible that liquidity in the Company's securities may be increased by having an ASX quotation.

A number of the Company's shareholders, as well as the largest shareholder, are Western Australian and it is convenient for these shareholders to have the shares quoted on the ASX.

The Company is highly transparent and is readily analysed and easily understood. The Company publishes its operating statistics each month and provides an easily understood business. Fortunately for security holders, the Company operates in a growth market since the resources sector of Western Australia is a leading arena of economic growth in Australia. Skywest Airlines is the backbone of air transport for this sector and in essence it is the grocer to the goldfields, the gas fields, iron ore, nickel, diamond and oil resource areas of Western Australia.

I commend your interest in the Company.

Jeff Chatfield, Executive Chairman

## **2. THE COMPANY**

### **2.1 Group Structure**

The Company is the ultimate holding company of all other entities in the Group. Please refer to the group structure diagram on page 4 of the Annual Report for the financial year ended 30 June 2009, which forms part of this Information Memorandum and is attached as **Annexure A**. Please note that Skywest Airlines Pty Ltd (ACN 008 997 662) changed its name to Skywest Airlines (Australia) Pty Ltd on 9 November 2009.

The functions of each entity represented in the diagram are as follows:

<b>Skywest Airlines Ltd ARBN 140 631 572</b>	The ultimate holding company for the Group.
<b>CaptiveVision Capital Ltd:</b>	An investment vehicle and treasury.
<b>Skywest Airlines (S) Pte Ltd:</b>	The Singapore based leasing and procurement company.
<b>ACN 098 904 262 Pty Ltd:</b>	The holding company for Australian operations.
<b>Skywest Airlines (Australia) Pty Ltd:</b>	The operating airline in Australia and holder of the company's Air Operator's Certificate.

### **2.2 History of the group**

The Company is a public company incorporated in the Republic of Singapore and listed on AIM. The Company was incorporated on 19 December 1997 as Advent Television Pte Ltd and converted to a public company, changing its name to Advent Television Ltd, on 13 July 1998. When the Company entered the aviation industry, it changed its name to Advent Air Ltd (on 3 May 2005). The Company was admitted to trade on AIM on 30 November 2005. The Company's AIM admission document can be viewed on the Company's website at <http://www.skywest.com.sg/documents.html>.

Between 2004 and 2006, a wholly owned subsidiary of the Company bought 100% of the shares of ACN 098 904 262 Pty Ltd (a company that at the time was called Skywest Limited and was listed on the ASX) and in doing so acquired the business known as Skywest Airlines. To acknowledge the importance of its Australian subsidiaries, the Company changed its name to Skywest Airlines Ltd on 19 November 2007.

The Company's airline operations began service in 1963 as "Carnarvon Air Taxis" before taking on the name "Skywest Aviation" in 1979. The following year, the airline changed its name to "Skywest Airlines" and Skywest Airlines (Australia) Pty Ltd was incorporated on 25 September 1981. Following a series of mergers and acquisitions, the airline operated under the Ansett banner from 1986 until Ansett's ultimate demise in 2002 (when private investors purchased the airline, eventually listing its owner Skywest Limited on the ASX).

**2.3 Nature of the Company's Business and Activities**

For information on the Company's business and activities, please refer to pages 12 to 18 of the Annual Report.

**2.4 Financial Position**

For information on the Company's financial position, please refer to the Company's Annual Financial Report for the financial year ended 30 June 2009, which is set out at pages 22 to 71 of the Annual Report.

The Company is continuing to earn profits from continuing operations.

**2.5 Future Statements**

Certain statements in this Information Memorandum (which includes the Annual Report) relate to the future. While the Directors consider that any forward looking statements in this Information Memorandum (including in the Annual Report) are reasonably based, investors should not assume that future matters contemplated by this Information Memorandum are likely to occur and should not rely on any forward looking statements. Such statements involve known and unknown risks, uncertainties and assumptions. Actual performance, results or events may be materially different to those expressed or implied in those statements. Please see **Section 6** for details of some of the risk factors relevant to the performance of the Company.

### **3. DIRECTORS AND KEY MANAGEMENT**

#### **3.1 Directors – Experience of the Board**

The Directors of the Company are:

- Jeff Chatfield (Executive Chairman), who was appointed a director on 19 December, 1997;
- Seah Kian Peng (Non-executive Director), who was appointed on 9 July, 1999;
- John Jost (Non-executive Director), who was appointed on 28 January, 2005;
- Ronald Aitkenhead (Non-executive Director), who was appointed on 23 April, 2007.

For further information on the Directors of the Company, please refer to page 7 of the Annual Report.

#### **3.2 Key Management**

For information on the Company's senior management team, please refer to pages 10 and 11 of the Annual Report.

## 4. CAPITAL STRUCTURE

### 4.1 Current capital structure

As at 12 November 2009, the Company had 199,100,000 Shares on issue, including 2,000,000 "Treasury Shares" (**Total Shares**). When calculating the percentage of their individual voting rights, shareholders should use the base figure of 197,100,000 shares, since the Treasury Shares do not have any voting rights.

As at 12 November 2009, 181,245,572 of the Company's Total Shares were represented by CREST DIs. Each CREST DI confers a beneficial interest in a Share on the holder of the CREST DI. The features and functions of depository interests, including CREST DIs, are explained below at **Section 4.4**.

The Treasury Shares are Shares that the Company has bought back on-market and is holding in treasury pursuant to section 76H of the *Singapore Companies Act (Cap. 50)* and in accordance with the requisite board resolutions. The Company cannot hold in "treasury" more than 10% of the total number of issued Shares and it is unable to exercise any rights in respect of the Treasury Shares that would otherwise attach if they remained in circulation. No dividend can be paid on the Treasury Shares but the Company is entitled to dispose of or cancel the Treasury Shares at any time.

### 4.2 Recent Changes to Capital Structure

Subsequent to the publication of the Annual Report (on 2 November 2009) the Company bought back 1,000,000 ordinary shares (now Treasury Shares). The buyback was conducted pursuant to section 76H of the Companies Act Singapore (Cap. 50) at a cash consideration price of 10 pence per share, in accordance with the "Share Buyback Mandate" that was delivered by the Company's shareholders at the Annual General Meeting held on 26 February 2009.

Furthermore, three warrant holders exercised their respective rights on and around 12 November 2009 and paid SGD\$0.20 per share for the issue of 3,600,000 new ordinary shares, which the Company delivered on 12 November 2009.

Following these recent movements, at the date of this Information Memorandum, the current number of Total Shares on issue is 199,100,000 including 2,000,000 Treasury Shares. There is SGD\$43,709,091 paid up on the Company's Shares, of which, SGD\$399,275.64 is attributable to the Treasury Shares.

### 4.3 Warrants

As at the date of this Information Memorandum, there are 6,141,475 warrants outstanding (including those issued following the AGM held on the date of this Information Memorandum). Each of those warrants entitles the warrant holder to subscribe for one Share. The 6,141,475 warrants are made up of:

- (a) 3,101,475 warrants are outstanding to a company controlled by Jeff Chatfield. Each of those warrants entitles the warrant holder to subscribe for one Share at an exercise price of SGD\$0.20 (Twenty Singapore cents). Those warrants will expire on 29 November 2009, subject to an extension of up to ten business days in the event that the warrant holder is precluded from exercising the option due to a trading blackout or the Company or warrant holder being in possession of price sensitive information.

- (b) 3,040,000 warrants that were issued by the Company following the AGM held on the date of this Information Memorandum. Those warrants were issued to the following persons on the terms set out below:

<b>Warrant holders</b>	<b>Number of warrants</b>
Jeff Chatfield	2,000,000
Seah Kian Peng	200,000
John Jost	400,000
Ronald Aitkenhead	100,000
Siobhán Cool	40,000
Mark Shelton	200,000
Peter Burrows	100,000

The key terms of the new warrants are as follows:

- Each warrant entitles the holder to subscribe for one Share.
- The subscription price per Share (to be paid when the warrant is exercised) is the average of the closing mid-price on AIM on 18 November 2009.
- The warrants shall expire on 18 November 2011, subject to an extension in the event that the holder is precluded from exercising the option due to a trading blackout or the holder being in possession of price sensitive information.

#### **4.4 Depository Interests**

The electronic transfer systems used on AIM and the ASX (known as CREST and CHESSE respectively), cannot be used directly for the transfer of shares of certain foreign companies, including the Shares of the Company.

To enable the Company to have its securities cleared and settled electronically through CREST or CHESSE, depository interests need to be issued. A depository interest is a facility that allows an interest in a share, rather than the actual share, to be settled through CREST or CHESSE. The actual share underlying the depository interest is held by either CREST Depository Nominees or CHESSE Depository Nominees.

CREST DIs are issued by CREST Depository Nominees on a one-for-one basis to the investor and CREST Depository Nominees provides the necessary custodial service. Similarly, CHESSE Depository Nominees issues CHESSE DIs on a one-for-one basis to the investor and provides the necessary custodial service.

While holders of CREST DIs or CHESSE DIs do not have legal title to the underlying Shares, the holder still has the same rights as holders of Shares (for example, to receive shareholder notices, to vote at meetings and to receive dividends).

For further information in relation to CREST DIs or CHESSE DIs, please contact your broker.

#### **4.5 Registers**

The Company will operate the following registers:

- A certificated register of members, which is the register of legal title (and will reflect the legal ownership by CHESS Depository Nominees and CREST Depository Nominees as well as any other certificated members).
- An uncertificated CREST sub-register of CREST DIs.
- An uncertificated CHESS sub-register of CHESS DIs.
- An issuer sponsored sub-register of CREST DIs.
- An issuer sponsored sub-register of CHESS DIs.

#### **4.6 Trading on the ASX**

To trade on the ASX, holders of certificated Shares or CREST DIs will need to “convert” those interests to CHESS DIs. The Company suggests that holders of certificated Shares or CREST DIs contact their broker for assistance with this process.

In summary, investors or their brokers will need to do the following:

- Holders of certificated Shares who wish to trade on the ASX will need to complete a CDI Issuance form available from <https://www-au.computershare.com/investor/formscatalogue.asp> (under Global: Transaction Forms then CDI Issuance UK-AU). The form and the original share certificate should be submitted to Computershare Investor Services PLC in the UK for the attention of the Global Transaction Unit.
- Holders of CREST DIs who wish to trade on the ASX will also need to complete a CDI Issuance form. The completed form should be sent to the holder’s UK broker so that the broker can arrange for the CREST DIs to be withdrawn and submit the form to Computershare Investor Services PLC on behalf of the holder. Many brokers will be able to electronically submit these forms.
- If a holder of a CHESS DI wishes to trade on AIM, the holder will need to complete a DI Issuance form available from <https://www-au.computershare.com/investor/formscatalogue.asp> (under Global Transaction Forms then DI Issuance / Crest Deposit).
- Holders of CREST DIs or CHESS DIs who wish to convert to a certificated holding should complete a Register Removal Form from <https://www-au.computershare.com/investor/formscatalogue.asp> (under Global Transaction Forms then Register Removal Form).

Please contact Computershare for details of any fees that may be payable in respect of the above processes.

#### **4.7 Rights & Liabilities**

The Company's Memorandum and Articles of Association include details of the rights and liabilities attaching to Shares, CREST DIs and CHESS DIs. The Memorandum and Articles of Association are available from [www.skywest.com.sg/constitutional.html](http://www.skywest.com.sg/constitutional.html).

The rights and liabilities attaching to the Company's Shares, CREST DIs and CHESS DIs are determined by the *Singapore Companies Act (Cap. 50)*, the AIM Listing Rules, the ASX Listing Rules and the rules of the ASTC.

#### 4.8 **Voting**

The voting rights of holders of Shares, CREST DIs and CHESD DIs are set out at Articles 70 to 78 of the Articles of Association of the Company.

Subject to any special privileges or restrictions as to voting attached to any special class of shares and the restrictions described in **Section 4.1** in respect of the Treasury Shares, at any meeting of the shareholders of the Company, every shareholder who is present in person or by proxy or representative shall, on a show of hands, have one vote, and on a poll, have one vote for every share of which the shareholder is a holder. A proxy or representative need not be a shareholder of the Company.

If holders of CREST DIs or CHESD DIs wish to attend, address and vote at the Company's shareholder meetings, they will be able to do so. However, in order to vote at shareholder meetings, a CREST DI or CHESD DI holder must instruct CREST Depository Nominees or CHESD Depository Nominees (as appropriate) to vote the Share underlying their CREST DI or CHESD DI in a particular manner. The instruction is given by completing and lodging the appropriate form of instruction as provided by the Company with the notice of meeting.

As holders of CREST DIs and CHESD DIs will not appear on the Company's share register as the legal holders of Shares, they will not be entitled to vote at the Company's shareholder meetings unless the process described above is undertaken (or they convert their depository interests to Shares prior to the meeting).

#### 4.9 **Dividends**

Information on dividend rights can be found in the Company's Articles of Association (see, in particular, Articles 107 to 117). In summary:

- The shareholders at a meeting of shareholders may declare dividends, but no dividend shall exceed the amount recommended by the Directors.
- The Directors may pay shareholders such interim dividends as the Directors consider justified.
- No dividend may be paid otherwise than out of profits.
- Any dividend unclaimed after a period of 6 years after having become due for payment shall (if the Directors so resolve) be forfeited.

The ASTC Settlement Rules grant holders of CHESD DIs the right to receive any dividends and other entitlements that attach to the underlying Shares.

Despite legal title to the Share being vested with CHESD Depository Nominees, the ASTC Settlement Rules provides that the CHESD DI holder in respect of that Share is able to receive all direct economic benefits and other entitlements in relation to the underlying Share (such as the right to receive the same dividends, rights issues and bonus issues).

For details in relation to recent dividends of the Company, please refer to the Chairman's Statement at page 2 of the Annual Report.

#### 4.10 **Winding up**

Shareholder rights upon the winding up of the Company can be found at Article 131 of the Company's Articles of Association.

## **5. CORPORATE GOVERNANCE**

Please refer to the Corporate Governance Report attached as **Annexure A**.

## **6. RISK FACTORS**

The future performance of the Company and its Shares may be influenced by a range of factors. Some of these factors can be mitigated by the Company's actions. However, many are outside the control of the Company and its Directors.

Some of the more significant risks are highlighted below. However, the list may not be exhaustive and other less significant or less probable factors may also impact the financial performance, position or cash flow of the Group, which may in turn adversely affect the value of the Shares.

### **6.1 Risks associated with the Group's business**

#### **Fuel**

The Group is exposed to global movements in fuel costs. While the Group has strategies in place to mitigate the impact of these costs, there remains a risk that rises in fuel costs will adversely impact upon the profitability of the Group. This is perhaps the primary risk to the Group's profitability.

#### **Charter markets**

Charter contracts and arrangements are responsible for a significant proportion of the Group's revenue. If any of those charter arrangements are terminated or are not renewed, charter revenues may be affected.

#### **Loss of Exclusive Licence Rights**

The Group has been granted an exclusive route licence in respect of a significant proportion of its regular passenger transport routes. This licence is due to expire in 2010. If this licence is not renewed or not renewed on an exclusive basis, the Group's passenger numbers and earnings on these routes may be affected.

#### **Reliance on industry**

Many of the Group's routes are in Western Australia, where the mining and resources sector provides a significant proportion of the State's total exports. If the mining and resources sector in Western Australia is adversely affected, the business of the Group is also likely to be adversely affected. In addition, as a significant proportion of the Group's revenue is derived from a relatively small number of key clients, there is a risk that profits will be reduced if passenger numbers decline as a result of any key players in the industry ceasing or reducing operations for any reason.

#### **Reliance on third parties**

The Group has entered into agreements with third parties to provide certain facilities and services for its operations. These include in-flight catering, engine and aircraft maintenance, ground handling, IT system licences and support, commercial property leases at various airports and aircraft leases. The termination or expiry of

these contracts and any inability to renew or extend the contracts or find suitable alternate providers at a comparable rate could adversely affect the Group's financial performance.

### **Increase in competition**

Existing competitors and new airlines may schedule passenger flights that compete with the Group's flights. New airlines, in particular, may cause price disruptions as a result of the airline's management being unaware of the economics of the industry and the market in which the Group operates.

### **External Factors**

Airlines are vulnerable to external factors such as an outbreak of the H1N1 virus (Swine flu), or to terrorism fears. Such factors may affect the financial performance of the Group.

### **Aircraft and Engine maintenance**

The Company believes it has an efficient aircraft maintenance program. However, the Group's fleet of Fokker 100 and Fokker 50 aircraft now have an average age of 18 years and are no longer in production. The manufacturers are committed to supporting and producing all parts and ensuring the continued airworthiness of the aircraft.

There is a risk that the airline will have difficulty procuring spare parts to maintain the fleet however the airline holds an extensive inventory of both airframe and engine parts. Irrespective of the level of inventories held, there exists a risk that some aircraft may be temporarily grounded due the unavailability of required spare parts, this may affect the financial performance of the Group.

### **Regulatory standards and compliance costs**

The Group's operations could be adversely affected if the Company (or its subsidiaries) are unable to obtain or maintain any licence or approval that is required in order to conduct operations. Similarly, the operations of the Group will be adversely affected if an applicable regulatory requirement is breached, the costs of complying with applicable legislation increases, current regulations increase or a new regulatory requirement is introduced, such as a carbon offset trading program.

The Australian airline industry is subject to extensive regulation, which gives rise to significant requirements and compliance costs. There is a chance that those compliance costs will increase if, for example, new safety, security, environmental, noise, competition or labour regulations are introduced.

For example, if the Civil Aviation Safety Authority grounds an aircraft or revokes Skywest Airlines (Australia) Pty Ltd's Air Operator's Certificate or maintenance Certificate of Approval, the financial performance of the Group will be adversely affected.

### **Key staff**

As is the case with many businesses, the loss of the services of any of the Group's key management staff without adequate replacement could have a material adverse effect on the business of the Group. Similarly, while the Company believes it has

good employee relations, the Company cannot assure that industrial disputes will not arise.

### **Foreign currency risks**

The Group derives its revenues in Australian dollars, however it leases aircraft in United states dollars ("USD") and purchases aircraft components in both USD and European dollars ("Euro"). While the Group has strategies in place to mitigate the impact of currency risk, the fact that the Group has significant costs in a currency other than the currency in which it derives its revenues can result in gains and/or losses arising from foreign currency fluctuations.

In addition, whilst the Group pays for its fuel in Australian dollars, the Australian dollar price for fuel is also affected by the value of the USD.

### **Low margins**

The aviation industry is generally characterised by low profit margins and high overheads, which means that the Group does not have significant buffers against unexpected events. Similarly, high overheads that are not generally impacted by passenger numbers mean that fluctuations in passenger numbers can have a disproportionate impact on profit margins.

### **Airport facilities**

The Group has little control over the costs charged by airport authorities, as most of the airports in Australia are privately owned. Accordingly, increases in the cost of terminal space, landing slots, aircraft parking and aircraft hangers can impact on the Group's financial performance.

### **IT Systems**

The Group relies upon the Sabre reservation system. There is a risk that hardware or software malfunctions, including malfunctions caused by viruses, power loss, misuse and fire, will cause problems with the Group's reservation system which would in turn affect the Group's operations.

In addition the Group relies heavily on other IT and communications systems and there is always a risk that failure of any of these systems could affect business operations.

### **Insurance costs**

The Group may be adversely affected by a change in the cost or availability of insurance coverage, particularly given that the cost of insurance coverage for airlines has increased in recent years.

## **6.2 Other risks**

### **Monetary and fiscal risks**

Changes in interest rates and tax policies, along with changes in interpretation of existing policies, may affect the Group's profitability.

### **Share market risks**

A variety of factors affect the price of shares, including local and international stock markets, movements in interest rates, economic and political conditions and investor sentiment.

The marketability of the Company's Shares may also impact on the ability of investors to realise their investment. There can be no guarantee that liquidity will improve as a result of the Company's admission to the official list of the ASX.

### **Macro economic and political risks**

The global and Australian economy is subject to the impact of a range of macro-economic and political factors that may affect the Group's operations. For example, terrorist activities and international instability could have an impact on Australia's economy and the demand for Australian resources. The Group's international routes, in particular, could be affected by terrorist activities and virus outbreaks. In addition, fuel costs may increase as a result of supply and demand dynamics, geopolitical issues and economic conditions.

## **6.3 Tax**

The Company is a Singaporean company and as such is unable to pass Australian franking credits to its shareholders.

The Group operates in multiple jurisdictions and the taxation interplay between the various jurisdictions and individual shareholders' circumstances may be highly uncertain. By way of only one example, the taxation consequences of dividend payments, once in the hands of a shareholder, is unknown. Furthermore, withholding taxes may attach in one or more jurisdictions, as a result of a capital gain or income sourced through the securities. Shareholders are urged to seek their own professional advice in respect to the complex taxation issues that may surround an investment in the Company with their individual circumstances.

**7. OTHER INFORMATION**

**7.1 Interests of Directors in the Company**

Please refer to page 24 of the Annual Report for information on Director security holdings.

Other than as set out in this Information Memorandum, no Director has at the date of this Information Memorandum, or has had within two years before the date of this Information Memorandum, any interest in the promotion of the Company or in any property acquired or proposed to be acquired by the Company and no amounts, whether in cash or Shares or otherwise, have been paid or agreed to be paid by any person to any Director or to any entity in which a Director is a member or partner, either to induce them to become, or to qualify them as, a Director, or otherwise for services rendered by them or by the entity in connection with the promotion of the Company.

**7.2 Distribution Schedule**

A distribution schedule of the number of holders of Shares (including CREST DI holders) as at close of trading on AIM on 12 November 2009 is set out below:

<b>Range (i.e. Number of Shares / CREST DIs held)</b>	<b>Number of holders of Shares in the range</b>	<b>Total number of Shares / CREST DIs in range</b>
1-1,000	79	60,589
1,001-5,000	391	1,198,249
5,001-10,000	181	1,576,557
10,001-100,000	318	11,303,589
100,001 and over	131	182,961,016

Note: The Treasury Shares held by the Company have been excluded on the basis that no voting rights attach to Treasury Shares.

**7.3 Top 20 Holders**

The table below sets out the names of the 20 largest holders of Shares (including CREST DIs) as at close of trading on AIM on 12 November 2009, the number of Shares / CREST DIs held by each and the percentage of capital each held.

<b>Name</b>	<b>Designation Number</b>	<b>Number of Shares / CREST DIs</b>	<b>Percentage</b>
Jeff Chatfield (under nominee accounts held by Fitel Nominees Ltd & Hargreave Hale Nominees Ltd)	HH: 53975 Fitel: 61403 & 67873	33,200,100	16.84
Apollo Nominees Ltd	CRE	24,702,560	12.53

Name	Designation Number	Number of Shares / CREST DIs	Percentage
Chase Nominees Limited	CMBFLEM	15,550,000	7.89
Credit Suisse Securities (Europe) Limited	PRINCPAL	12,107,440	6.14
Fitel Nominees Limited	C052452	7,000,000	3.55
The Bank of New York (Nominees) Limited		5,900,000	2.99
Barclayshare Nominees Limited		5,319,076	2.70
TD Waterhouse Nominees (Europe) Limited	SMKTNOMS	4,704,536	2.39
HSBC Global Custody Nominee (UK) Limited	993791	4,500,000	2.28
L R Nominees Limited	NOMINEE	4,383,455	2.22
Fitel Nominees Limited	70851	4,173,743	2.12
Smith & Williamson Nominees Limited		3,670,000	1.86
Fitel Nominees Limited	C057258	3,525,000	1.79
Pershing Nominees Limited	SKCLT	3,011,278	1.53
Vidacos Nominees Limited		2,875,000	1.46
Pershing Nominees Limited	KSCLT	2,669,000	1.35
HSBC Client Holdings Nominee (UK) Limited	636167	2,000,000	1.01
Fitel Nominees Limited	C057159	1,800,000	0.91
Fitel Nominees Limited	C34182	1,775,000	0.90
Chase Nominees Limited		1,730,302	0.88

Note: When calculating the above percentages, the Treasury Shares have been excluded on the basis that no voting rights attach to Treasury Shares.

**7.4 Other Material Information**

In deciding what information should be included in this Information Memorandum, the Directors have had regard to, amongst other things, the matters which investors (or their professional advisers) may reasonably be expected to know.

The Company has continuous disclosure obligations under rules 10 to 17 inclusive of the listing rules of AIM. Broadly, those rules require the Company to disclose:

- a. price sensitive information;
- b. corporate transactions which exceed 10% in any of the class tests (being Gross Assets Test, Profits Test, Turnover Test, Consideration Test, Gross Capital Test and Substitute Test);
- c. related party transactions which exceed 5% in any of the class tests named above;
- d. reverse take-overs;
- e. fundamental changes of the Company's business;
- f. any deals involving the directors;
- g. relevant changes to any significant shareholders (those persons holding 3% or more of the Company's shares); and
- h. the appointment, resignation or dismissal of any director .

In accordance with those rules, since November 2005, the Company has announced any material event or contract via the RNS system of the London Stock Exchange. Upon quotation on the ASX, the Company shall simultaneously issue such announcements on the ASX platform and will comply with the continuous disclosure requirements of the ASX Listing Rules. Historical announcements about material information in respect of the Company are available to view at the Company's dedicated information page on its website at <http://www.skywest.com.sg/announcements.html>.

Since 30 June 2009, the Company has made the following announcements:

<b>Date</b>	<b>Announcement</b>
8 July 2009	June Operating Statistics
10 July 2009	Holding in Company
12 August 2009	July Operating Statistics
14 August 2009	Fleet Expansion
8 September 2009	August Operating Statistics
12 October 2009	September Operating Statistics
20 October 2009	Final results for the 12 months ended 30 <sup>th</sup> June 2009
28 October 2009	Notice of 2009 Annual General Meeting
28 October 2009	Proposed Articles of Association

<b>Date</b>	<b>Announcement</b>
28 October 2009	Share Repurchase
29 October 2009	Total Voting Rights
2 November 2009	Substantial Shareholding
10 November 2009	October Operating Statistics
12 November 2009	Director's Dealings and Share Issues
16 November 2009	Fleet Expansion

**AUTHORISATION**

In accordance with the resolution of the Board of Directors of the Company dated 18 November 2009, this Information Memorandum is signed for and on behalf of every Director of the Company on the date of this Information Memorandum:

.....  
John Jost

Dated this 18 day of November 2009.

## 8. GLOSSARY

In this Information Memorandum (excluding the Annexures) the following terms and abbreviations have the following meanings, unless the context otherwise requires:

<b>Annual Report</b>	means the Company's Annual Report for the year ended 30 June 2009, which forms part of this Information Memorandum and is attached as <b>Annexure A</b>
<b>ASTC</b>	means ASX Settlement and Transfer Corporation Pty Limited ACN 008 504 532
<b>ASTC Settlement Rules</b>	means the operating rules of ASTC from time to time
<b>ASX</b>	means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires
<b>CHESS</b>	means Clearing House Electronic Subregister System operated by ASTC
<b>CHESS Depository Nominees</b>	means CHESS Depository Nominees Pty Limited ACN 071 346 506
<b>CHESS DI</b>	stands for CHESS Depository Interest and means a unit of beneficial ownership in a Share registered in the name of CHESS Depository Nominees
<b>Company</b>	means Skywest Airlines Ltd
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth) as amended from time to time
<b>CREST</b>	means the settlement system used by the London Stock Exchange and operated by CRESTCo Limited
<b>CREST Depository Nominees</b>	means Computershare Investor Services PLC
<b>CREST DI</b>	stands for CREST Depository Interest and means a unit of beneficial ownership in a Share registered in the name of CREST Depository Nominees
<b>Directors</b>	means the Company's directors as detailed at <b>Section 3.1</b>
<b>Group</b>	means the Company and its subsidiaries, all of which are listed at <b>Section 2.1</b>
<b>Share</b>	means a fully paid ordinary share in the capital of the Company and includes Treasury Shares

**Treasury Share**

is a Share in the Company that has been bought back on-market by the Company and is held in treasury pursuant to section 76H of the *Singapore Companies Act (Cap. 50)* and in accordance with the requisite board resolutions.

**ANNEXURE A**

**Corporate Governance Report**

Since first trading on AIM in 2005, the Company has recognised the importance of the principles set out in the Financial Reporting Council (UK) - Combined Code on Corporate Governance and has taken steps to apply the principles as far as practicable given the Company's size. This was notwithstanding that compliance with the Code is not compulsory for AIM companies. The Company also follows, where practicable, the guidance on corporate governance provided by the Quoted Companies Alliance. As the Company's presence on the ASX grows, the Company will endeavour to work towards greater compliance with the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations".

The table below sets out the Company's compliance with the Corporate Governance Principles and Recommendations:

<b>ASX Principles and Recommendations</b>	<b>Compliance</b>
<b><i>Principle 1 - Lay solid foundations for management and oversight</i></b>	
<i>Companies should establish and disclose the respective roles and responsibilities of board and management.</i>	
Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	<b>Satisfied:</b> The Company distinguishes between the functional role of the Board function and the Company's management, as evidenced by the Annual Report (see pages 7 and 10-11).
Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.	<b>Not satisfied:</b> The evaluation of the Company's senior executives is made pursuant to their individual executive service agreements, which set out various key performance indicators.
Recommendation 1.3: Companies should provide the information indicated in the Guide to reporting on Principle 1.	Information to be included in the next Annual Report, as necessary.
<b><i>Principle 2 - Structure the board to add value</i></b>	
<i>Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.</i>	
Recommendation 2.1: A majority of the board should be independent directors.	<b>Partially satisfied:</b> 75% of the Company's Board are non-executive directors. The Company will consider in further detail whether those Directors satisfy the independence criteria in the Corporate Governance Principles and Recommendations.
Recommendation 2.2: The chair should be an independent director.	<b>Not satisfied:</b> Given the size and nature of the Company, Mr Chatfield is considered the most appropriate Director to act as Chairman.

ASX Principles and Recommendations	Compliance
<p>Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual.</p>	<p><b><u>Partially satisfied:</u></b> The Company has not established a position entitled “chief executive officer” however, the principal operating subsidiary (Skywest Airlines (Australia) Pty Ltd) has another individual performing the duties of chief executive officer, separate from the Chairman.</p>
<p>Recommendation 2.4: The board should establish a nomination committee.</p>	<p><b><u>Satisfied:</u></b> The Company established a Nomination Committee in 2005, which is responsible for reviewing the size and composition of the Board, preparing a description of the role and capabilities required for a particular appointment and nominating candidates to fill Board positions as and when they arise. In nominating candidates, the Committee ensures that any such person possesses an appropriate level of qualifications, expertise and experience.</p>
<p>Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.</p>	<p><b><u>Not satisfied:</u></b> The Board’s small number of directors ensures that its performance is transparent and its directors are accessible for ongoing peer review at regularly convened Board Meetings.</p>
<p>Recommendation 2.6: Companies should provide the information indicated in the Guide to reporting on Principle 2.</p>	<p>Information to be included in the next Annual Report, as necessary.</p>
<p><b><i>Principle 3 - Promote ethical and responsible decision-making</i></b>  <i>Companies should actively promote ethical and responsible decision-making.</i></p>	
<p>Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> <li>• the practices necessary to maintain confidence in the company’s integrity;</li> <li>• the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders;</li> <li>• the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul>	<p><b><u>Not satisfied:</u></b> The Company is currently admitted to trade on AIM and complies with the corporate governance principles set out in the Financial Reporting Council (UK) - Combined Code on Corporate Governance, notwithstanding that compliance with that code is not compulsory for AIM companies. The Company also follows, where practicable, the recommendations on corporate governance of the Quoted Company Alliance. As and when more shareholders trade the Company’s securities through the ASX, the Company will consider establishing a code of conduct as described in the Corporate Governance Principles and Recommendations.</p>
<p>Recommendation 3.2: Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.</p>	<p><b><u>Satisfied:</u></b> Upon admission to AIM, the Company adopted and continues to operate a share dealing code for Directors and senior executives and takes proper steps to ensure compliance by the Directors and those employees with the AIM Rules on share dealing. The Company Secretaries advise Directors and senior executives as to the closure of trading windows of the Company’s securities pending release of periodic trading results.</p>

ASX Principles and Recommendations	Compliance
<p>Recommendation 3.3: Companies should provide the information indicated in the Guide to reporting on Principle 3.</p>	<p>Information to be included in the next Annual Report, as necessary.</p>
<p><b><i>Principle 4 - Safeguard integrity in financial reporting</i></b></p> <p><i>Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.</i></p>	
<p>Recommendation 4.1: The board should establish an audit committee.</p>	<p><b><u>Satisfied:</u></b> The Company established an audit committee in 2005, whose purpose is to provide formal and transparent arrangements for considering how to apply suitable financial reporting and integrity control principles having regard to good corporate governance and maintaining an appropriate relationship with the Company's auditors.</p>
<p>Recommendation 4.2: The audit committee should be structured so that it:</p> <ul style="list-style-type: none"> <li>• consists only of non-executive directors;</li> <li>• consists of a majority of independent directors;</li> <li>• is chaired by an independent chair, who is not chair of the board;</li> <li>• has at least three members.</li> </ul>	<p><b><u>Partially satisfied:</u></b> All Board Committees except the Nomination Committee are exclusively made up by non-executive directors (with Mr Chatfield participating on and chairing only the Nomination Committee). Given the small size of the Board, it is not practicable to have at least three members on each Board Committee.</p>
<p>Recommendation 4.3: The audit committee should have a formal charter.</p>	<p><b><u>Satisfied:</u></b> The Audit Committee adopted a formal Charter in 2005.</p>
<p>Recommendation 4.4: Companies should provide the information indicated in the Guide to reporting on Principle 4.</p>	<p>Information to be included in the next Annual Report, as necessary.</p>
<p><b><i>Principle 5 - Make timely and balanced disclosure</i></b></p> <p><i>Companies should promote timely and balance disclosure of all material matters concerning the company.</i></p>	
<p>Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.</p>	<p><b><u>Partially satisfied:</u></b> The Company complies with the AIM Rules' obligation of continuous disclosure (set out in AIM Rules 10-17) and each director is bound to comply with the Rules, pursuant to the Non-executive Directors' Deeds of Engagement (clause 2(c)) and the Executive Chairman's Employment Agreement (clause 3.1.1).</p> <p>The Company will consider how best to ensure compliance with ASX Listing Rule disclosure requirements.</p>

ASX Principles and Recommendations	Compliance
<p>Recommendation 5.2: Companies should provide the information indicated in the Guide to reporting on Principle 5.</p>	<p>Information to be included in the next Annual Report, as necessary.</p>
<p><b><i>Principle 6 - Respect the rights of shareholders</i></b>  <i>Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.</i></p>	
<p>Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.</p>	<p><b><u>Satisfied:</u></b> The Company has developed a communications policy, a summary of which is published on the Company's website.</p>
<p>Recommendation 6.2: Companies should provide the information indicated in the Guide to reporting on Principle 6.</p>	<p>Information to be included in the next Annual Report and / or on the Company's website, as necessary.</p>
<p><b><i>Principle 7 - Recognise and manage risk</i></b>  <i>Companies should establish a sound system of risk oversight and management and internal control.</i></p>	
<p>Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.</p>	<p><b><u>Partially satisfied:</u></b> Although the Company has not formally adopted a risk management policy, its Board effectively oversees the management of material business risks and is assisted in this task by its own audit committee as well as the audit committee, risk management committee and safety committee of Skywest Airlines (Australia) Pty Ltd.</p>
<p>Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.</p>	<p><b><u>Partially satisfied:</u></b> The Company's operational management meets regularly and reports to the Skywest Airlines (Australia) Pty Ltd about material business risks and best management of same. As the Company's Executive Chairman holds a seat on the board of Skywest Airlines (Australia) Pty Ltd, he relates to the Board of the Company the management's efforts to effectively deal with the risks. Management is called upon and does review and approve various business strategies and activities of the Company.</p>
<p>Recommendation 7.3: The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</p>	<p>Not applicable</p>

ASX Principles and Recommendations	Compliance
<p>Recommendation 7.4: Companies should provide the information indicated in the Guide to reporting on Principle 7.</p>	<p>Additional information to be included in the next Annual Report and / or on the Company's website, as necessary.</p>
<p><b><i>Principle 8 - Remunerate fairly and responsibly</i></b></p> <p><i>Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.</i></p>	
<p>Recommendation 8.1: The board should establish a remuneration committee.</p>	<p><b><u>Satisfied:</u></b> The Board established a remuneration committee in 2005. It is responsible for establishing a formal and transparent procedure for developing policy on executive remuneration and to set the remuneration packages of individual senior employees of the Company. It makes recommendations to shareholders concerning Directors' remuneration. This process includes agreeing with the Board the framework for the remuneration of the Executive Chairman, any other executive Directors and all non-executive Directors and such other members of the executive management of the Company as it is designed to consider. It is furthermore responsible for determining the total individual remuneration package of each Director including, where appropriate, bonuses, incentive payments and share options or warrant grants.</p>
<p>Recommendation 8.2: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.</p>	<p><b><u>Satisfied:</u></b> The Company's non-executive directors are remunerated in accordance with a shareholders' standing, capped mandate and is distinguished from staff costs in the particularised Employee Benefit Expense item found at Note 22 of the 2009 Financial Statements of the Company (see page 61 of the Annual Report). The Executive Chairman and other senior executives are remunerated in accordance with their respective service or employment contracts, which were entered in the ordinary course of business.</p>
<p>Recommendation 8.3: Companies should provide the information indicated in the Guide to reporting on Principle 8.</p>	<p>Additional information to be included in the next Annual Report and / or on the Company's website, as necessary.</p>

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**ANNEXURE B  
Annual Report 2009**