

Appendix 4E

Preliminary final report (Unaudited) 12 months ended 30 June 2012

ASX Code: SXR

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

Current reporting period – year ended 30 June 2012

Previous reporting period – year ended 30 June 2011

Results for announcement to the market				S\$
Revenue	Up	26%	To	303,316,386
Profit after tax attributable to members	Down	28%	To	7,117,108
Net profit attributable to members	Down	28%	To	7,117,108

DIVIDENDS

30 June 2012 final unfranked dividend proposed	
Amount per ordinary share (cents)	1.29
Total dividend declared ^	2,710,806
^ Based on the number of shares issued as at 30 June 2012	

Results commentary for announcement to the market

Please refer to the separate ASX release on [30 August 2012] in conjunction with this Appendix 4E.

	June 2012 S\$	June 2011 S\$
Net Tangible Assets per Ordinary shares	0.29	0.27

(i) The Directors of the Company have resolved to recommend a final dividend of 1.29 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

	2012 S\$	2011 S\$
Revenue	303,316,386	239,910,036
Other income	6,684,263	2,424,079
Aircraft operating costs (excluding fuel costs)	(35,086,296)	(35,919,376)
Fuel costs	(68,638,059)	(56,044,417)
Aircraft lease rental and hire charges	(35,430,930)	(18,924,001)
Employee benefits	(88,118,790)	(60,502,807)
Sales and marketing costs	(3,696,577)	(4,944,585)
Engineering and maintenance costs	(24,694,081)	(21,631,229)
Office and general administrative expense	(10,474,307)	(8,984,409)
Depreciation and amortisation	(21,544,632)	(18,788,309)
Other expenses	(13,098,360)	(2,291,683)
Finance costs	(2,492,899)	(746,632)
Profit before tax	6,725,718	13,556,667
Income tax benefit/(expense)	391,390	(3,707,463)
Profit for the year attributable to owners of the parent	<u>7,117,108</u>	<u>9,849,204</u>
Other comprehensive income		
Gain/(Loss) on cash flow hedges	61,310	(579,275)
Foreign currency translation	(606,912)	3,267,536
Other comprehensive income for the year, net of tax	<u>(545,602)</u>	<u>2,688,261</u>
Total comprehensive income attributable to owners of the parent	<u><u>6,571,506</u></u>	<u><u>12,537,465</u></u>
Earnings per share		
- Basic (in cents)	3.50	4.93
- Diluted (in cents)	<u>3.50</u>	<u>4.89</u>

Consolidated statement of financial position

	2012 S\$	2011 S\$
ASSETS		
Non-current assets		
Property, plant and equipment	82,685,163	62,782,427
Intangible assets	17,189,508	17,189,507
Other receivables	6,041,527	3,061,547
Prepayments	3,519,638	4,769,019
	<u>109,435,836</u>	<u>87,802,500</u>
Current assets		
Inventories	5,126,307	5,128,926
Trade and other receivables	43,861,634	35,820,245
Prepayments	2,503,994	6,896,885
Other investments	85,932	466,333
Available for sale assets	256,414	–
Cash and cash equivalents	24,727,772	9,966,329
	<u>76,562,053</u>	<u>54,278,718</u>
Total assets	<u>185,997,889</u>	<u>142,081,218</u>
EQUITY AND LIABILITIES		
Current liabilities		
Provisions	9,837,206	6,628,680
Income tax payable	6,742,440	3,130,843
Borrowings	8,501,987	1,240,017
Trade and other payables	45,098,289	30,458,047
Revenue received in advance	10,320,843	12,507,276
Finance lease liability	303,687	367,470
Derivative financial instruments	739,952	827,535
	<u>81,544,404</u>	<u>55,159,868</u>
Net current liabilities	<u>(4,982,351)</u>	<u>(881,150)</u>
Non-current liabilities		
Provisions	665,154	1,106,736
Borrowings	12,793,758	2,665,269
Other payables	3,636,870	–
Finance lease liability	783,315	933,988
Deferred tax liabilities	7,542,770	11,917,822
	<u>25,421,867</u>	<u>16,623,815</u>
Total liabilities	<u>106,966,271</u>	<u>71,783,683</u>
Net assets	<u>79,031,618</u>	<u>70,297,535</u>
Equity attributable to owners of the parent		
Share capital	48,382,289	43,927,891
Treasury shares	(229,870)	–
Reserves	4,328,218	4,474,575
Retained earnings	26,550,981	21,895,069
Total equity	<u>79,031,618</u>	<u>70,297,535</u>
Total equity and liabilities	<u>185,997,889</u>	<u>142,081,218</u>

Consolidated statement of cash flows

	2012 S\$	2011 S\$
Cash flows from operating activities		
Profit before taxation	6,725,719	13,556,667
Adjustments for:		
Allowance on inventories obsolescence	887,075	–
Allowance on doubtful debts	645,078	131,706
Amortisation of convertible loan liability	118,981	–
Amortisation of intangible assets	–	12,522
Depreciation of property, plant and equipment	21,544,632	18,775,787
Dividend income	(157)	(8,829)
Fair value (gain)/loss on other investments	18,474	(3,122)
Finance costs	2,559,159	746,632
Fair value gain on convertible loan derivative financial instruments	(2,065,119)	–
Negative goodwill written off	(1,339,719)	–
Gain on sale of other investments	47,301	(140,328)
Guarantee income from a related party	–	(158,926)
Interest income	(1,745,213)	(334,129)
Provision for aircraft handback	12,616	19,978
Provision for employee benefits	3,035,702	1,121,364
Provision for structural maintenance	151,503	149,721
Unrealised foreign exchange differences	568,152	(867,824)
Warrant expense	560,032	396,003
Write-back of maintenance reserve claims	(1,529,055)	–
Operating profit before working capital changes	30,195,161	33,397,222
Increase in inventories	(884,456)	(686,969)
Increase in trade, other receivables and prepayments	(5,921,884)	(13,245,446)
Increase in trade, other payables and provisions	4,736,986	2,258,715
Cash generated from operations	28,125,807	21,723,522
Interest expense paid	(2,559,159)	(746,632)
Income tax paid	(842,011)	(701,476)
Interest income received	1,745,213	334,129
Guarantee income received	–	158,926
Net cash generated from operating activities	26,469,850	20,768,469
Cash flows from investing activities		
Cash inflow arising on acquisition – Note A (Increase)/decrease in long-term other receivables and prepayments	254,175	–
Purchase of other investments	(1,730,600)	2,166,686
Proceeds from sales of other investments	(108,548)	(483,156)
Dividend income received	166,760	593,091
Acquisition of property, plant and equipment	157	8,829
Proceeds from disposal of property, plant and equipment	(28,086,236)	(19,378,372)
	–	980,299
Net cash used in investing activities	(29,504,292)	(16,112,623)

Consolidated statement of cash flows (con't)

	2012 S\$	2011 S\$
Cash flows from financing activities		
Increase/(decrease) in long-term other payables and provisions	2,337,363	(1,653,905)
Proceeds from borrowings	5,601,779	–
Repayment of borrowings	(1,876,678)	(3,357,248)
Proceeds from finance lease liability	–	1,301,458
Repayment of finance lease liability	(214,456)	–
Proceeds from issuance of convertible loan	10,345,332	–
Repayment of instalment due to a supplier	–	(1,818,310)
Dividends paid on ordinary shares	(2,461,196)	(2,221,021)
Proceeds from issuance of ordinary shares	4,293,611	118,800
Purchase of treasury shares	(229,870)	–
Net cash generated from/(used in) financing activities	<u>17,795,885</u>	<u>(7,630,226)</u>
Net increase/(decrease) in cash and cash equivalents	14,761,443	(2,974,380)
Cash and cash equivalents at beginning of year	<u>9,966,329</u>	<u>12,940,709</u>
Cash and cash equivalents at end of year	<u><u>24,727,772</u></u>	<u><u>9,966,329</u></u>

Note A - Acquisition of 100% wholly-owned subsidiary, Capital Lease Australian Portfolio One Pty Ltd, on 28 June 2012

During the financial year, the fair values of net assets of subsidiary acquired were as follows:

	S\$
Cash	254,175
Trade and other receivable	2,371,692
Property, plant and equipment	14,144,879
Trade and other payables	(5,093,167)
Borrowings	(4,751,649)
Provisions	(3,246,657)
Income tax payable	<u>(654,452)</u>
Net assets acquired	3,024,821
Negative goodwill written off	<u>(1,339,719)</u>
Total purchase consideration	1,685,102
Less: cash on acquisition of subsidiary	<u>(254,175)</u>
Cash outflow arising on acquisition, net of cash acquired, payable after year end	<u><u>1,430,927</u></u>

Consolidated statement of changes in equity

	Share capital S\$	Treasury shares 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 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
Profit for the year	-	-	-	-	-	-	7,117,108	7,117,108
Other comprehensive income	-	-	61,310	-	-	(606,912)	-	(545,602)
Total comprehensive income for the year	-	-	61,310	-	-	(606,912)	7,117,108	6,571,506
Exercise of share warrants	702,003	-	-	-	(160,787)	-	-	541,216
Issue of paid up share capital	3,752,395	-	-	-	-	-	-	3,752,395
Purchase of treasury shares	-	(229,870)	-	-	-	-	-	(229,870)
Warrant expense	-	-	-	-	560,032	-	-	560,032
Dividend paid	-	-	-	-	-	-	(2,461,196)	(2,461,196)
Balance at 30 June 2012	48,382,289	(229,870)	(517,965)	827,779	956,035	3,062,369	26,550,981	79,031,618

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 2011 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 2011, 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 2011. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

IAS 24 Related Party Disclosures (Amendment) – It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its applications.

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 2012, which is in the process of being audited.

Notes to statement of comprehensive income

Revenue

	2012 S\$	2011 S\$
Passenger revenue	108,814,469	125,921,053
Freight revenue	3,060,615	2,606,662
Charter revenue	140,367,270	107,979,402
Revenue from services	46,166,246	–
Others	4,907,786	3,402,919
	<u>303,316,386</u>	<u>239,910,036</u>

Other income

	2012 S\$	2011 S\$
Dividend income	157	8,829
Fair value gain on convertible loan derivative financial instruments	2,065,119	–
Fair value gain on other investments	–	3,122
Foreign exchange gains	–	1,775,745
Gain on sales of other investments	–	140,328
Negative goodwill written off ⁽ⁱ⁾	1,339,719	–
Guarantee income from a related party	–	158,926
Interest income from third parties	1,667,421	299,317
Interest income from related parties	77,792	34,812
Other miscellaneous income	5,000	3,000
Write-back of maintenance claims reserve, net ⁽²⁾	1,529,055	–
	<u>6,684,263</u>	<u>2,424,079</u>

⁽ⁱ⁾ This relates to the negative goodwill in respect of the acquisition of Capital Lease Australian Portfolio One Pty Ltd.

⁽²⁾ On 28 June 2012, following the acquisition of Capital Lease Australian Portfolio One Pty Ltd (“C1”), the accumulated maintenance claims reserves between C1 and a subsidiary both recoverable and payable were written off and back to the profit or loss.

Details of individual and total dividends and dividend payments

	2012	2011
	S\$	S\$
Declared and paid during the financial year		
<i>Dividends on ordinary shares</i>		
- Final exempt (one-tier) dividend for 2011:		
\$0.0123 (2010: \$0.011) per share	<u>2,461,196</u>	<u>2,221,021</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	2011
	S\$	S\$
Profit for the year	<u>7,117,108</u>	<u>9,849,204</u>
	No. of ordinary shares	
Weighted average number of ordinary shares for basic earnings per share computation	203,537,842	199,686,795
Effects of dilutive warrants	<u>-</u>	<u>1,527,225</u>
Weighted average number of ordinary shares for diluted earnings per share computation	<u>203,537,842</u>	<u>201,214,020</u>

Subsequent events

Subsequent to the year end, the following occurred:

- (1) A subsidiary, Skywest Airlines (Singapore) Pte Ltd on 9 July 2012 has purchased an aircraft engine.
- (2) A subsidiary, Skywest Airlines (Australia) Pty Ltd has taken delivery of 1 ATR 72-600 series aircraft on 3 August 2012, leased from its related party, Airframe Leasing (S) Pte Ltd.
- (3) The Directors of the Company have resolved to recommend a final dividend of 1.29 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.