

BRITISH AIRWAYS

Comair Limited

Company Secretary: DH Borer

Address:
1 Marignane Drive
Bonaero Park, 1619
P.O.Box 7015,
Bonaero Park, 1622

Transfer Office:
Computershare Investor
Services 2004 (Pty) Ltd
70 Marshall Street
Johannesburg, 2002
P.O. Box 61051,
Marshalltown, 2017

Audited Group Results

for the year ended 30 June 2007

kulula.com

(Incorporated in the Republic of South Africa) (Comair or "the Company")
(Registration Number 1967/006783/06) ISIN Code: ZAE000029823 JSE Share Code: COM

Earnings Review

We're proud to announce this year's results for Comair Limited. The Company continues to maintain what we believe to be a world record in the airline industry of sixty one years of consecutive operating profits. We would like to congratulate and thank all 1 559 members of the Comair team for their part in achieving these results. We continue to attract the best talent in the industry, and the team's persistent focus on serving our customers forms the basis of our success. We also thank our customers for their ongoing support of both our British Airways and kulula.com brands.

Consistent growth in both volumes and yields across both our brands delivered turnover growth of 12% to R2,2 billion. Record profits resulted in a 39% increase in earnings per share, and were achieved despite a R120 million price related increase in our fuel bill. The operating margin of 7.7% is improved from 6.7% in the prior year, but is still below our target of 10%. Cash flow remained strong, with R316 million generated by operations, resulting in a cash balance of R242 million at year end. In a recent survey by leading airline industry researcher, Airwatch, Comair was ranked third in the world amongst similar sized airlines on its strong financial performance.

During the year we aggressively pursued the implementation of our fleet replacement programme. An additional two aircraft were bought for cash for R200 million and brought into service. Our goal is to replace the entire kulula.com fleet by the end of the calendar year. The replacement Boeing 737-400s are not only more efficient to operate, but also offer a much better customer experience. Furthermore, our new kulula.com fleet will continue to ensure that our cost per seat remains the lowest in the industry. We will also start benefiting from the many efficiencies associated with a single aircraft type fleet.

Prospects

The major risk factors in our industry remain the volatile oil price and exchange rate, and the distortion of the industry through government intervention. We will continue to hedge a part of our exposure to the oil price and currency in order to partially mitigate these risks. Our new fleet will, as mentioned above, reduce our fuel requirements. Continued pricing of tickets at below cost by the state owned competitor, will reduce margins on the low cost end of the market. A further concern for the industry is the rapidly escalating airport charges as well as increased airport congestion.

We will continue to benefit from cost efficiencies, not only from our new fleet but also through our new, streamlined maintenance contract and reduced distribution charges.

Once again, we are confident that the commitment and creativity of the Comair team, and the strength of our brands, will allow us to maintain our leadership position in the Southern African airline industry, while simultaneously providing scope to develop successful new business ventures.

Dividends

It is envisaged that a final dividend of 9 cents (prior year: 7 cents) per share will be declared during October 2007. A further announcement regarding the dividend payment will be made in due course.

Basis of preparation

In terms of the listing requirements of the JSE Limited, the Group is required to prepare its consolidated financial statements in accordance with International Financial Reporting Standards. The accounting policies used in the preparation of these results are consistent in all material aspects with those used for the prior comparative period.

Abridged Group Income Statement

	2007 R'000	2006 R'000	% Change
Revenue	2,211,743	1,973,245	12%
Operating expenses	(2,041,975)	(1,840,099)	11%
Profit from operations before interest	169,768	133,146	28%
Net investment expense	(10,228)	(17,272)	
Share of loss of associates	(2,064)	-	
Profit from ordinary activities before taxation	157,476	115,874	
Taxation	(48,313)	(37,074)	
Attributable profit	109,163	78,800	39%

Abridged Group Balance Sheet

	2007 R'000	2006 R'000
Assets		
Property, plant and equipment	676,029	503,455
Investment in associates	13,404	-
Available-for-sale investments	88,740	67,320
Current assets	366,112	488,777
	1,144,285	1,059,552
Equity and Liabilities		
Capital and reserves	425,531	368,061
Non-current liabilities	259,952	296,281
Deferred taxation	20,766	5,128
Current liabilities	438,036	390,082
	1,144,285	1,059,552

Abridged Group Statement of Changes in Equity

	2007 R'000	2006 R'000
Opening balance	368,061	308,274
BEE Share Deal	741	-
Attributable profit	109,163	78,800
Dividend paid	(27,959)	(27,960)
Realisation of gain from fuel hedge	(23,041)	-
Gain from cash flow hedges - fuel hedge	-	22,556
Utilisation of cash flow hedge - aircraft hedge	-	(9,269)
Shares purchased by Share Trust	(2,805)	(13,199)
Shares sold by Share Trust	1,371	8,859
Closing balance	425,531	368,061

Abridged Group Cash Flow Statement

	2007 R'000	2006 R'000
Cash at the beginning of the year	318,979	215,672
Cash generated by operations	315,727	222,695
Net interest expense	(10,228)	(17,272)
Taxation paid	(33,001)	(21,659)
Dividend paid	(27,959)	(27,960)
Additions to property, plant and equipment	(270,447)	(159,730)
Proceeds on disposal of property, plant and equipment	64	54
Proceeds on disposal of shares in subsidiary	13,383	-
Investment in associates	(10,316)	-
Net cost of Share Trust purchases	(1,435)	(4,340)
Aircraft deposits utilised	-	10,452
Acquisition of preference shares	(21,420)	(21,420)
Cash (utilised in)/ generated by financing activities	(31,323)	122,487
Cash at the end of the year	242,024	318,979

Headline Earnings Per Share

	2007 R'000	2006 R'000
Earnings attributable to ordinary shareholders	109,163	78,800
Less profit on sale of subsidiary	(8,432)	-
Less profit on disposal of property, plant and equipment	(64)	(45)
Headline earnings attributable to ordinary shareholders	100,667	78,755

Salient Features

	2007 R'000	2006 R'000
Earnings per share (cents)	27.3	19.7
Diluted earnings per share (cents)	25.0	19.5
Headline earnings per share (cents)	25.2	19.7
Dividend per share (cents) declared		7.0
Weighted ordinary shares in issue ('000)	399,517	399,412
Depreciation (R'000)	87,141	76,161
Interest expense (R'000)	35,145	34,300

Audit Opinion

These financial statements have been audited by PKF (Jhb) Inc. and their unqualified audit report is available for inspection at the registered office of the company.

By order of the Board

D.Novick (Chairman) G.Novick (Joint CEO) E.Venter (Joint CEO)
10 September 2007