

We encourage our staff to be great people to work with. To make a proactive contribution, break down the barriers and work towards a common purpose, we utilise each other's strengths and understand that the whole is greater than the sum of its parts.



Earnings Review

The team at Comair has once again delivered operational and service excellence, thereby achieving good financial results in difficult trading conditions. This extends our airline industry world record to 64 consecutive years of operating profitability. We thank our loyal staff and customers for their support throughout the year.

During the year we experienced extreme volatility on the cost side, as well as softer demand as a result of the recession. In the first half of the year, the oil price reached an all time peak of \$147 per barrel, thereby constraining profits, and subsequently retreated to a low of under \$40 per barrel in the second half. Improvements in operating efficiency as well as a strong performance from our business extensions have contributed positively to our performance this year.

Turnover growth of 13% was driven mainly by higher ticket prices in the first half, as a result of the high oil price at the time. Our strong brands enabled us to keep our volumes steady even though the overall market declined by 10%. The 27% growth in headline earnings per share is encouraging, but still short of our own targets for the business. Our strong balance sheet and excellent cash flow have continued to provide insulation during difficult times.

The fleet upgrade programme of the past few years has largely contained the impact of high jet fuel costs. We anticipate that with the recovery of the global economy, commodity prices will once again rise, and we are therefore proceeding with the next phase of our fleet replacement programme. After year end we announced our intention to upgrade our fleet to Next Generation Boeing 737-800 aircraft, which will contribute further to operational efficiency and environmental sustainability.

The efforts of our front line teams helped ensure another good year for service delivery. We achieved overall on-time performance of 82% which remains a key area of focus for improvement. We scored well on our leading customer indicators on both our brands - British Airways achieving an 'overall satisfaction' score of 81%, and kulula scoring 89% on 'smiling with overall experience'. Our customers further recognised us during the year by voting BA best airline at all the major airports. We were also nominated as the number 1 (BA) and 2 (kulula) airline brands by business travellers in the Sunday Times Annual Brands Survey. While we have delivered well to our customers and have a strong and loyal customer base, we will continue to invest in customer service to achieve our objective of being recognised as the leading customer service business in South Africa.

Our strategy to diversify our earnings outside of the airline operation is progressing well and contributed to our profit for the year. The top performers were our flight training and our on-line travel businesses, both achieving excellent results. We will continue to invest in aligned business opportunities.

Looking Ahead

Airline earnings will continue to be impacted by the volatile fuel price, anti-competitive behaviour from state-funded airlines, and the recessionary environment. We will continue to drive our two pronged strategy of improving our core airline efficiency and building and investing in new businesses. Our commitment to building safe, reliable and profitable airlines in Southern Africa remains paramount.

Dividends

The Directors have resolved to declare a cash dividend (Dividend number 10) of 5 cents per share (prior year: nil) to all shareholders. The last day to trade (cum the dividend) in order to participate in the dividend will be Friday, 9 October 2009. The shares will commence trading "ex" dividend from the commencement of business on Monday, 12 October 2009 and the record date is Friday, 16 October 2009. Share certificates may not be de-materialised or re-materialised between Monday, 12 October 2009 and Friday, 16 October 2009, both days included. The dividend payment will be made on Monday, 19 October 2009.

Directors' Resignation and Appointment

- (a) Mr RR Mehta was appointed as a Director on 4 December 2008
- (b) Mr AK Gupta was appointed as a Director on 17 June 2009
- (c) Mr BJ van der Linden resigned as a Director on 30 June 2009

Annual General Meeting

The Annual General Meeting of shareholders of Comair will be held at the Comair Operations Building, cnr Fortress and Whirlwind Roads, Rhodesfield, Kempton Park on 30 October 2009 at 12h00.

Basis of Preparation

In terms of the Listing Requirements of the JSE Limited, the Group has prepared its consolidated financial statements in accordance with International Financial Reporting Standards including IAS 34 Interim Financial Reporting and the requirement of the Companies Act (Act 61 of 1973) as amended. 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

	Audited year 30 June 2009 R'000	Audited year 30 June 2008 R'000
Revenue	3,048,782	2,688,488
Operating expenses	(2,920,083)	(2,576,364)
Profit from operations	128,699	112,124
Net investment income	34,033	32,392
Net investment expense	(49,138)	(37,668)
Share of profit/(loss) of associates	170	(350)
Profit before taxation	113,764	103,498
Taxation	(40,715)	(41,695)
Attributable earnings	73,049	61,803
Earnings per share (cents)	18.2	15.4
Headline earnings per share (cents)	19.6	15.4
Diluted earnings per share (cents)	18.0	14.9
Diluted headline earnings per share (cents)	19.4	14.9
Weighted ordinary shares in issue ('000)	400,814	400,740
Diluted weighted ordinary shares in issue ('000)	405,873	414,233
Net asset value per share (cents)	129.1	114.8
Reconciliation between earnings and headline earnings		
Attributable earnings before tax	113,764	103,498
Loss on sale of assets	5,608	-
Headline earnings before tax	119,372	103,498
Taxation	(40,715)	(41,695)
Headline earnings after tax	78,657	61,803
Depreciation (R'000)	105,874	102,857

Abridged Group Balance Sheet

Assets		
Property, plant and equipment	912,043	866,750
Investment in associates	73,637	56,113
Available-for-sale investments	131,580	110,160
Current assets	583,526	409,406
	1,700,786	1,442,429
Equity and liabilities		
Share capital and reserves	517,722	459,942
Interest-bearing liabilities	360,582	360,333
Deferred taxation	68,310	44,717
Current liabilities	754,172	577,437
	1,700,786	1,442,429

Abridged Group Cash Flow Statement

	Audited year 30 June 2009 R'000	Audited year 30 June 2008 R'000
Cash and cash equivalents at the beginning of the period	125,004	242,024
Cash from operations and investment income	363,629	172,439
Dividends paid	-	(36,067)
Taxation paid	(13,288)	(28,180)
Cash utilised in investing activities	(195,549)	(358,057)
Net effect of share trust activities	(504)	665
Increase in interest-bearing liabilities	29,928	132,180
Cash and cash equivalents at the end of the period	309,220	125,004

Abridged Group Statement of Changes in Equity

Opening balance	459,942	425,531
Attributable profit	73,049	61,803
Dividends paid	-	(36,067)
Equity settled share-based payment adjustment	3,428	6,856
Net effect of share trust activities	(504)	665
Net change in hedging reserve	(18,193)	1,154
Closing balance	517,722	459,942

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

Mr D Novick (Chairman) Mr G Novick (Joint CEO) Mr E Venter (Joint CEO)
14 September 2009

Comair Limited

(Incorporated in the Republic of South Africa)
Reg. No. 1967/006783/06
ISIN Code: ZAE000029823 Share Code: COM
("Comair" or the "Group")

Sponsor

RAND MERCHANT BANK (A division of FirstRand Bank Limited)

