

Performance review

Revenue grew by 17%, mainly as a result of higher fleet utilisation and the larger Boeing 737-800 aircraft introduced last year, while costs increased by 24%, driven by the highest average fuel price seen to date – 41% higher than for the comparative period. This, as well as the weak economic climate and the airports tariff increase of 70%, constrained further fare increases necessary to the airline. Revenue growth was consequently not adequate to fully recover the increase in operating costs. Consequently, headline earnings per share declined from 10.3 cents to a loss per share of 4.9 cents. During the period, a R10.7 million loss was incurred on the disposal in December of three Boeing 737-200 aircraft that were retired from operation in early 2011. Cash generated by operations remained strong, and R106 million was reinvested in heavy maintenance on aircraft and in an enterprise system from Sabre Airline Solutions.

The SLOW lounges, pilot training and online travel businesses continued to perform well, although their growth was also affected by the weak economy. During the period, a fourth flight simulator, for the training of ATR pilots, was placed in a leased bay in the Comair flight training building by ATR Industries, thereby further broadening the offering of this world class facility.

Prospects

We remain of the opinion that the high oil price and weak global economy will prevail for the foreseeable future. Airlines that do not substantially reinvent themselves will not survive in this new environment, as demonstrated by the failure of a number of airlines globally in the first weeks of 2012. Comair has embarked on a cost reduction programme, but this is not a sustainable solution to mitigate escalating costs. We therefore contracted a year ago for an extensive and integrated suite of systems from Sabre Airline Solutions, which will enable the reengineering of the entire Comair business to deliver substantially improved customer service, revenue and operating efficiency. The benefits of the new systems will only be seen in the results for the 2013 financial year. In the interim we have embarked on many other projects, such as setting up our own catering unit that will reduce our catering cost by 25%, establishing a crew base in Cape Town to reduce crew accommodation costs by 80% and by optimising the flight schedules. We are confident that these short- and medium-term measures will significantly improve Comair's financial performance in a consistently tough trading environment.

The above outlook has not been reviewed and reported on by Comair's external auditors and does not constitute an earnings forecast.

Dividends

No interim dividends have been declared as it is the Group policy to consider one dividend annually.

Directors' resignations and appointments

- Gidon Novick resigned as Joint Chief Executive Officer on the 1st December 2011.
- Erik Venter was appointed as the sole Chief Executive Officer on the 1st December 2011.
- Donald Novick retired as Chairman of the Board on the 31st January 2012.
- Pieter van Hoven was appointed as Chairman of the Board on the 13th February 2012.

Basis of preparation

In terms of the Listing Requirements of the JSE Limited, the Group has prepared its consolidated interim results in accordance with International Financial Reporting Standards, including IAS 34 Interim Financial Reporting, the AC 500 standards as issued by the Accounting Standards Board and the requirements of the Companies Act of 2008. The accounting policies used in the preparation of these results are consistent in all material aspects with those used for the previous annual financial statements. These Unaudited Interim Group Results were prepared by: R Yasas Sri Chandana, Financial Director, Comair Limited.

By order of the Board

Mr P van Hoven (Chairman)

Mr ER Venter (CEO)

13 February 2012

Company Secretary

Mr D Borer

Address and Registered Office

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Bonaero Park 1619
PO Box 7015
Bonaero Park 1622

Transfer Office

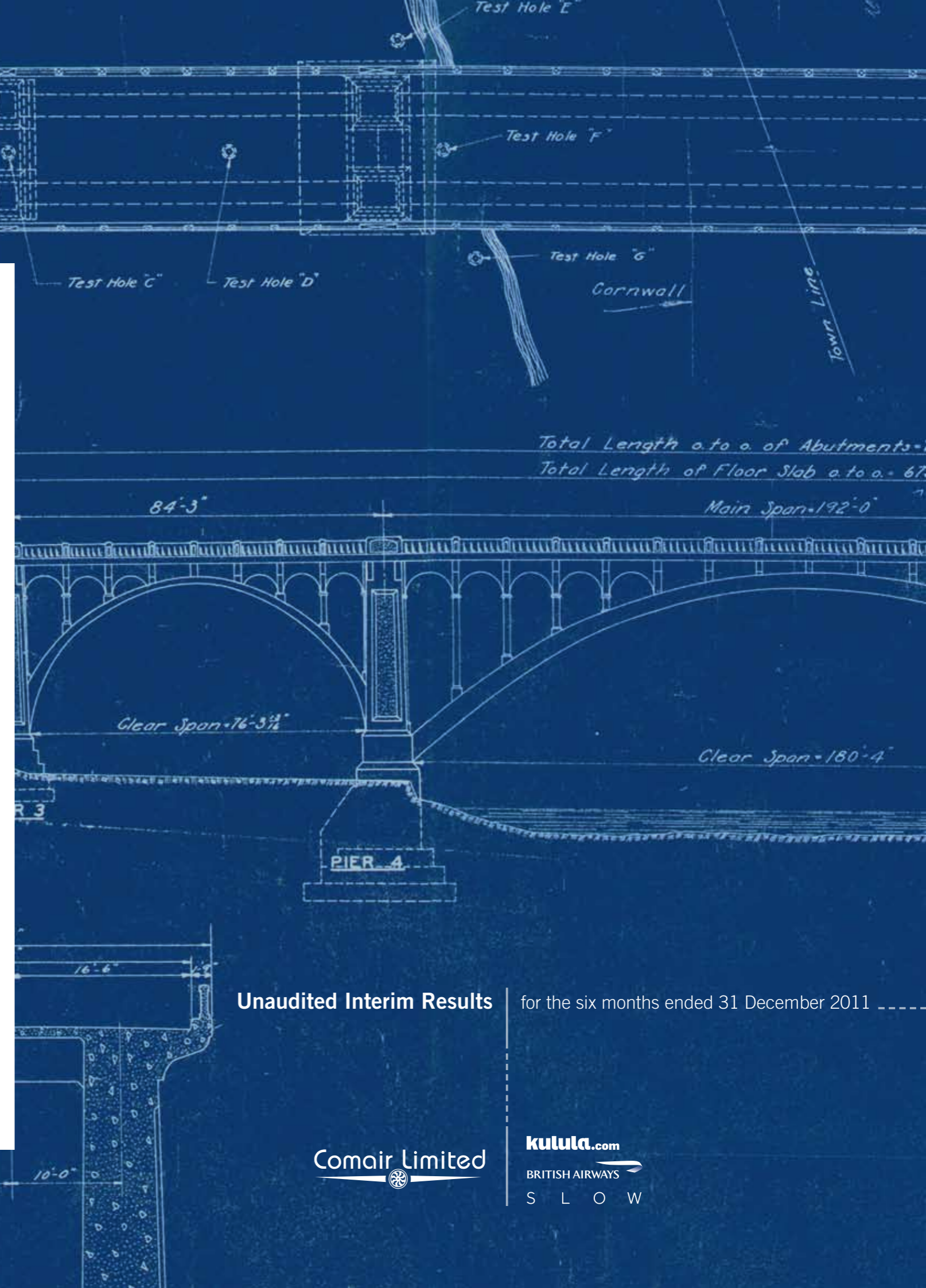
Computershare Investor Services (Pty) Ltd
70 Marshall Street
Johannesburg 2001
PO Box 61051
Marshalltown 2107

Sponsor

RAND MERCHANT BANK (A division of FirstRand Bank Limited)

Unaudited Interim Results
for the six months ended 31 December 2011

Incorporated in the Republic of South Africa.
Registration number: 1967/0067/83/06.
Share code: COM. ISIN code: ZAE000029823.
("Comair" or "the Company" or "the Group")



Unaudited Interim Results

for the six months ended 31 December 2011

Comair Limited

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BRITISH AIRWAYS

S L O W

The bridges theme originates from Operation Crossover, the change management programme for the launch of Sabre Airlines Solutions

Comair Limited

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BRITISH AIRWAYS
S L O W

Abridged Group Statement of Comprehensive Income

	Unaudited six months 31 Dec 2011 R'000	Unaudited six months 31 Dec 2010 R'000	Audited year 30 June 2011 R'000
Revenue	2,053,784	1,756,663	3,587,754
Operating expenses	(2,008,861)	(1,607,568)	(3,311,147)
Operating profit before depreciation	44,923	149,095	276,607
Depreciation	(85,083)	(75,149)	(158,835)
(Loss)/Profit before interest, dividend, taxation and profit/(loss) of associates	(40,160)	73,946	117,772
Investment income	4,497	15,775	23,184
Interest expense	(11,135)	(19,108)	(35,255)
Share of profit/(loss) of associates	1,856	(1,392)	762
(Loss)/Profit before taxation	(44,942)	69,221	106,463
Taxation	10,776	(20,823)	(29,466)
(Loss)/Profit after tax attributable to the equity holders of the parent	(34,166)	48,398	76,997
Fair value adjustment on cash flow hedge	395	4,522	(511)
Total comprehensive (loss)/income for the year attributable to the equity holders of the parent	(33,771)	52,920	76,486
(Loss)/Earnings per share (cents)	(7.1)	10.3	15.9
Headline (loss)/earnings per share (cents)	(4.9)	10.3	15.9
Diluted (loss)/earnings per share (cents)	(7.1)	10.2	15.9
Diluted (loss)/headline earnings per share (cents)	(4.9)	10.2	15.9
Dividends per share	-	5.0	-
Actual number of shares in issue ('000)	489,176	489,176	489,176
Weighted ordinary shares in issue ('000)	481,484	470,648	481,484
Diluted weighted ordinary shares in issue ('000)	482,464	474,680	482,464
Reconciliation between earnings and headline earnings			
(Loss)/profit after tax attributable to the equity holders of the parent	(34,166)	48,398	76,997
Add: IAS 16 loss on disposal of property, plant and equipment after taxation	10,669	-	-
Headline (loss)/earnings after tax	(23,497)	48,398	76,997
Abridged Group Statement of Financial Position			
ASSETS			
Property, plant and equipment	1,375,284	1,064,964	1,315,357
Investment in associates	16,824	76,637	61,550
Goodwill	3,668	-	3,668
Current assets	625,085	656,097	723,046
	2,020,861	1,797,698	2,103,621
EQUITY AND LIABILITIES			
Share capital and reserves	768,464	755,053	800,521
Interest-bearing liabilities	310,663	245,673	274,245
Deferred taxation	108,174	94,702	97,258
Current liabilities	833,560	702,270	931,597
	2,020,861	1,797,698	2,103,621
Net asset value per share (cents)	159.6	160.4	166.3

Abridged Group Statement of Cash Flows

	Unaudited six months 31 Dec 2011 R'000	Unaudited six months 31 Dec 2010 R'000	Audited year 30 June 2011 R'000
Cash and cash equivalents at the beginning of the period	234,031	374,277	374,277
Cash from operations and investment income	161,809	33,859	181,090
Dividends paid	-	(23,533)	(23,598)
Taxation refunded/(paid)	1,198	(37,639)	(45,414)
Cash utilised in investing activities	(100,284)	(80,215)	(135,564)
Cash utilised by financing activities	(41,956)	(135,556)	(116,760)
Cash and cash equivalents at the end of the period	254,798	131,193	234,031

Abridged Group Segment Report

Segmental Revenue

	Unaudited six months 31 Dec 2011 R'000	Unaudited six months 31 Dec 2010 R'000	Audited year 30 June 2011 R'000
Airline	1,931,857	1,723,601	3,538,766
Non-airline	121,927	33,062	48,988
	2,053,784	1,756,663	3,587,754

Segmental Results

	Unaudited six months 31 Dec 2011 R'000	Unaudited six months 31 Dec 2010 R'000	Audited year 30 June 2011 R'000
Airline	29,851	139,349	261,492
Non-airline	15,072	9,746	15,115
Profit before taxation and depreciation	44,923	149,095	276,607
Depreciation – Airline	(79,810)	(73,274)	(155,859)
Depreciation – Non-airline	(5,273)	(1,875)	(2,976)
(Loss)/Profit before interest, dividend and taxation	(40,160)	73,946	117,772

	Unaudited six months 31 Dec 2011 R'000	Unaudited six months 31 Dec 2010 R'000	Audited year 30 June 2011 R'000
Segmental assets – Airline	1,894,964	1,655,883	1,991,594
Segmental assets – Non-airline	125,897	141,815	112,027
Segmental liabilities – Airline	(1,156,531)	(945,001)	(1,201,921)
Segmental liabilities – Non-airline	(95,866)	(97,644)	(40,080)
Segmental capital additions – Airline	143,877	82,113	377,722
Segmental capital additions – Non-airline	7,551	66,147	31,776

Abridged Group Statement of Changes in Equity

	Unaudited six months 31 Dec 2011 R'000	Unaudited six months 31 Dec 2010 R'000	Audited year 30 June 2011 R'000
Opening Balance	800,521	725,275	725,275
Total comprehensive (loss)/income for the period	(33,771)	52,920	76,486
Dividends paid	-	(23,533)	(23,598)
Equity settled share-based payment adjustment	1,714	1,714	3,428
Net effect of share trust activities	-	(1,323)	18,930
Closing Balance	768,464	755,053	800,521