

Comair Limited

Unaudited Interim Results

for the six months ended
31 December 2005



Unaudited Interim Results for the six months ended 31 December 2005

IFRS impact on profit

	six months 31 Dec 2004 R '000	year to 30 June 2005 R '000
As previously reported	27.287	76.063
Effect of IAS16 and IFRS2	(301)	(598)
	26.986	75.465

Abridged Group Income Statement

	Unaudited six months 31 Dec 2005 R '000	Unaudited six months 31 Dec 2004 R '000	Unaudited year to 30 June 2005 R '000
Revenue	973,783	830,906	1,713,583
Operating expenses	922,989	784,704	1,600,113
Profit from operations	50,794	46,202	113,470
Net investment expense	(7,641)	(7,240)	(12,144)
Profit before taxation	43,153	38,962	101,326
Taxation	(16,385)	(11,976)	(25,861)
Attributable earnings	26,768	26,986	75,465
Earnings per share (cents)	6.7	6.8	18.9
Headline earnings per share (cents)	6.7	5.3	17.1
Diluted Earnings per share (cents)	6.6	6.6	18.6
Diluted Headline earnings per share (cents)	6.6	5.2	16.8
Weighted ordinary shares in issue ('000)	399,440	399,431	399,431
Diluted weighted ordinary shares in issue ('000)	403,610	408,420	406,655
Depreciation (R '000)	124,420	88,445	194,153
Interest expense (R '000)	15,607	12,496	23,713

Headline earnings

Earnings attributable to ordinary shareholders	26,768	26,986	75,465
Deduct profit on sale of property, plant and equipment	-	(5,760)	(7,057)
Headline Earnings attributable to Ordinary Shareholders	26,768	21,226	68,408

Unaudited six months 31 Dec 2005 R '000	Unaudited six months 31 Dec 2004 R '000	Unaudited year to 30 June 2005 R '000
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Abridged Group Balance Sheet

Assets			
Property, plant and equipment	516.630	332.070	419.894
Unlisted investments	56.610	-	45.900
Deferred Taxation	-	19.459	5.641
Current assets	370.909	324.701	335.945
	944.149	676.230	807.380
Equity and Liabilities			
Share capital and reserves	287.028	253.534	311.272
Interest-bearing liabilities	313.042	162.370	177.740
Deferred taxation	10.744	-	-
Current liabilities	333.335	260.326	318.368
	944.149	676.230	807.380

Abridged Group Cash Flow Statement

Cash and cash equivalents at the beginning of the period	215.672	210.201	210.201
Cash from operations and investment income	187.735	106.998	346.396
Dividends paid	(27.961)	(7.989)	(7.989)
Taxation (paid)/refunded	(12.805)	-	14
Cash utilised in investing activities	(221.414)	(76.588)	(319.415)
Net cost of share trust purchases	(14.024)	-	(307)
Increase/(decrease) in interest bearing liabilities	135.302	(28.417)	(13.228)
Cash and cash equivalents at the end of the period	262.505	204.205	215.672

Abridged Group Statement of Changes in Equity

	Share capital R '000	Share premium R '000	Hedging reserve R '000	Retained income R '000	Total R '000
Balance at 1 July 2005	3,994	9,425	9,269	288,584	311,272
Profit for six the months	-	-	-	26,768	26,768
Dividends paid during the six months	-	-	-	(27,961)	(27,961)
Net cost of share trust purchases	-	-	-	(14,024)	(14,024)
Options granted by share trust	-	-	-	242	242
Realisation of hedging reserve	-	-	(9,269)	-	(9,269)
Balance at 31 December 2005	3,994	9,425	0	273,609	287,028

(Incorporated in the Republic of South Africa)
(Registration number 1967/006783/06)
JSE Share code: COM
ISIN number: ZAE000029823 ("Comair")

Earnings review

Comair is pleased to report an operating profit of R51 million for the six months to 31 December 2005 (comparative period restated: R47 million), resulting in attributable earnings of R27 million (comparative period restated: R27 million) and headline earnings per share of 6.7 cents (comparative period restated: 5.3 cents).

Turnover for the six months increased by 17% to R974 million. Total flights operated increased by 12%, resulting in 18% additional seats and passenger growth of 21% over the comparative period. Despite the substantial increase in the fuel price, the industry experienced continued deflation in average ticket prices as result of extreme competition in the market for domestic air travel.

The factor with the greatest impact on the profitability for the six months was the price of jet fuel, which increased by 40% over that of the comparative reporting period. The fuel price added R81 million, or 10%, to total operating costs. Excluding the fuel price increase, total cost per seat declined by 9.5% as result of efficiencies achieved through the fleet upgrade programme.

Cash generated from operations increased the cash balance to R263 million from R216 million as at 30 June 2005.

Prospects

The directors are of the opinion that the current low average ticket prices, in conjunction with the high fuel price and over capacity in the market will continue for the second six months. Nevertheless, Comair will remain price competitive, and in these circumstances profits will remain under pressure.

Dividends

No interim dividend has been declared for the period as it is company policy to declare one dividend annually in September.

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 ("IFRS") as from 1 July 2005. The interim results have been prepared in

accordance with IFRS and IAS34 - Interim Financial Reporting. Previously the group reported in terms of South African Statements of Generally Accepted Accounting Practice.

Opening balance sheets at 1 July 2004 and 1 July 2005 have been restated accordingly. The comparative income statement for the six months to December 2004 and the balance sheet at that date have also been restated. The effect of the transition from South African Statements of Generally Accepted Accounting Practice to IFRS on the group's financial position, financial performance and cash flows is summarised below.

IFRS 2 – Share based payments

The fair value of share options granted, as determined using the Black-Scholes model, has been charged against income over the relevant option vesting periods.

IAS16 – Property, Plant and Equipment

Costs relating to the overhaul of aircraft components were previously expensed as maintenance. These costs are now capitalised and subsequently expensed as depreciation. The effect is an increase in the depreciation charge, with a decrease in the aircraft maintenance expense.

By order of the board

D. Novick
Chairman

P. van Hoven
Managing Director

15 February 2006

Company secretary

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Sponsor: Nedbank Capital

