



Comair Limited

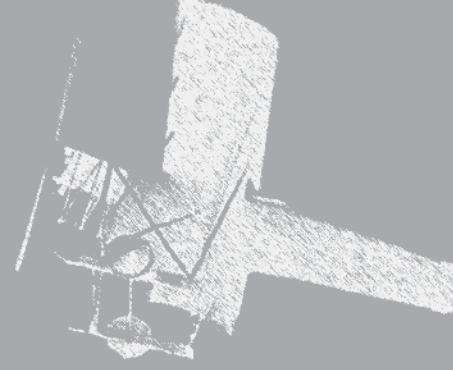


Unaudited Interim Results

for the six months ended
31 December 2006

Unaudited Interim Results for the six months ended 31 December 2006

| | <i>Unaudited six months 31 Dec 2006 R '000</i> | <i>Unaudited six months 31 Dec 2005 R '000</i> | <i>Audited year to 30 June 2006 R '000</i> |
|--|--|--|--|
| Abridged Group Income Statement | | | |
| Revenue | 1,127,864 | 973,783 | 1,973,245 |
| Operating expenses | 1,043,863 | 922,989 | 1,840,099 |
| Profit from operations | 84,001 | 50,794 | 133,146 |
| Net investment expense | (5,436) | (7,641) | (17,272) |
| Profit before taxation | 78,565 | 43,153 | 115,874 |
| Taxation | (26,319) | (16,385) | (37,074) |
| Attributable earnings | 52,246 | 26,768 | 78,800 |
| Earnings per share (cents) | 13.1 | 6.7 | 19.7 |
| Headline earnings per share (cents) | 13.1 | 6.7 | 19.7 |
| Diluted earnings per share (cents) | 12.6 | 6.6 | 19.5 |
| Diluted headline earnings per share (cents) | 12.6 | 6.6 | 19.5 |
| Weighted ordinary shares in issue ('000) | 399,517 | 399,440 | 399,412 |
| Diluted weighted ordinary shares in issue ('000) | 416,032 | 403,610 | 403,364 |
| Depreciation (R '000) | 44,288 | 36,366 | 76,161 |
| Interest expense (R '000) | 18,269 | 15,607 | 34,300 |
| Abridged Group Balance Sheet | | | |
| ASSETS | | | |
| Property, plant and equipment | 587,886 | 516,630 | 503,455 |
| Unlisted investments | 78,030 | 56,610 | 67,320 |
| Current assets | 399,785 | 370,909 | 488,777 |
| | 1,065,701 | 944,149 | 1,059,552 |
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | 375,906 | 287,028 | 368,061 |
| Interest-bearing liabilities | 280,879 | 313,042 | 296,281 |
| Deferred taxation | 14,787 | 10,744 | 5,128 |
| Current liabilities | 394,129 | 333,335 | 390,082 |
| | 1,065,701 | 944,149 | 1,059,552 |



| | <i>Unaudited six months 31 Dec 2006 R '000</i> | <i>Unaudited six months 31 Dec 2005 R '000</i> | <i>Audited year to 30 June 2006 R '000</i> |
|--|--|--|--|
| Headline Earnings | | | |
| Earnings attributable to ordinary shareholders | 52,246 | 26,768 | 78,800 |
| Deduct profit on sale of property, plant and equipment | - | - | (45) |
| Headline earnings attributable to ordinary shareholders | 52,246 | 26,768 | 78,755 |
| Abridged Group Cash Flow Statement | | | |
| Cash and cash equivalents at the beginning of the period | 318,979 | 215,672 | 215,672 |
| Cash from operations and investment income | 151,987 | 99,681 | 205,423 |
| Dividends paid | (27,959) | (27,961) | (27,960) |
| Taxation paid | (18,212) | (12,805) | (21,659) |
| Cash utilised in investing activities | (138,688) | (133,360) | (170,644) |
| Net cost of share trust purchases | (179) | (14,024) | (4,340) |
| (Decrease)/increase in interest bearing liabilities | (15,402) | 135,302 | 122,487 |
| Cash and cash equivalents at the end of the period | 270,526 | 262,505 | 318,979 |

| | <i>Share capital R '000</i> | <i>Share premium R '000</i> | <i>Hedging reserve R '000</i> | <i>Retained income R '000</i> | <i>Total R '000</i> |
|--|-------------------------------------|-------------------------------------|---------------------------------------|---------------------------------------|-------------------------|
| Abridged Group Statement of Changes in Equity | | | | | |
| Balance at 1 July 2006 | 3,994 | 8,042 | 22,556 | 333,469 | 368,061 |
| Profit for the six months | - | - | - | 52,246 | 52,246 |
| Dividends paid during the six months | - | - | - | (27,959) | (27,959) |
| Net cost of share trust purchases | - | - | - | (179) | (179) |
| "A" Class share issue | 741 | - | - | - | 741 |
| Realisation of hedging reserve | - | - | (17,004) | - | (17,004) |
| Balance at 31 December 2006 | 4,735 | 8,042 | 5,552 | 357,577 | 375,906 |

Unaudited Interim Results for the six months ended 31 December 2006

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

Performance review

Attributable earnings for the six months increased by 95% to R52 million (comparative period: R27 million) despite a record high average fuel price adding R60 million to operating costs. Headline earnings per share of 13.1 cents represent an increase of 96% on the comparative period earnings of 6.7 cents.

The strength of our British Airways and kulula.com brands, along with a consistent focus on customer service, has driven revenue growth in excess of the industry average. Turnover increased by 16% to R1,1 billion, through growth in passenger volumes, occupancy levels and yields.

The fleet replacement programme continued to improve operating efficiencies while enhancing the potential for revenue growth. A further Boeing 737-400 was purchased for cash during the period, and we plan to upgrade three additional aircraft to more modern and efficient models during the remainder of the financial year. The balance sheet remains strong with cash on hand of R271 million.

Prospects

The launch of a third state owned, no frills airline, has further increased competition in the already overtraded domestic market. This will add downward pressure on ticket prices and occupancy levels for the privately owned airlines as well as for the state owned airlines.

On a positive note, early indications are that there may be some relief on the fuel price for the second half of the year, and we will continue to realise the benefits of the fleet upgrade programme.

The key to overcoming the industry challenges remains our ability to attract, develop and retain the best people. We expect that the strength of our brands and quality of our people will continue to deliver the high levels of service that will ensure a successful 2007 financial year.

Dividends

No interim dividends have been declared 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 the consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). The accounting policies used in the preparation of these results are consistent in all material respects with those used in the annual financial statements for the year ended 30 June 2006.

By order of the board

| | | |
|------------------------------|---------------------------------|---------------------------------|
| D. Novick Chairman | G.S. Novick Joint CEO | E.R. Venter Joint CEO |
|------------------------------|---------------------------------|---------------------------------|

7 February 2007

Company Secretary

D. Borer

Transfer Office

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Sponsor: Nedbank Capital

