



# Unaudited Interim Results

for the six months ended 31 December **2008**

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

<b>Abridged Group Income Statement</b>	<b>Unaudited six months 31 Dec 2008 R '000</b>	<b>Unaudited six months 31 Dec 2007 R '000</b>	<b>Audited year 30 June 2008 R '000</b>
Revenue	1,606,846	1,258,153	2,688,488
Operating expenses	(1,552,672)	(1,166,008)	(2,576,364)
Profit from operations	54,174	92,145	112,124
Net investment expense	(14,452)	(1,303)	(8,276)
Share of profit (loss) of associates	2,210	500	(350)
Profit before taxation	41,932	91,342	103,498
Taxation	(10,172)	(31,833)	(41,695)
Attributable earnings	31,760	59,509	61,803
Headline earnings attributable to Ordinary Shareholders	31,760	59,509	61,803
Earnings per share (cents)	7.9	14.8	15.4
Headline earnings per share (cents)	7.9	14.8	15.4
Diluted earnings per share (cents)	7.9	13.4	14.9
Diluted headline earnings per share (cents)	7.9	13.4	14.9
Weighted ordinary shares in issue ('000)	400,805	400,740	400,740
Diluted weighted ordinary shares in issue ('000)	404,211	442,701	414,233
Depreciation (R '000)	53,653	47,213	102,857
Interest expense (R '000)	26,403	16,391	37,668

<b>Abridged Group Statement of Changes in Equity</b>	<b>Share capital R '000</b>	<b>Share premium R '000</b>	<b>BEE reserve R '000</b>	<b>Hedging reserve R '000</b>	<b>Retained income R '000</b>	<b>Total R '000</b>
<b>Balance at 1 July 2007</b>	4,736	8,042	-	(485)	413,238	425,531
BEE equity adjustment incorrectly reported as creditor in 2007	-	-	3,428	-	-	3,428
Profit for the six months	-	-	-	-	59,509	59,509
Dividends paid during the six months	-	-	-	-	(36,065)	(36,065)
Equity settled share-based payment adjustment	-	-	1,714	-	-	1,714
Net effect of share trust activities	-	-	-	-	1,000	1,000
Net change in hedging reserve	-	-	-	(4,824)	-	(4,824)
<b>Balance at 31 December 2007</b>	4,736	8,042	5,142	(5,309)	437,682	450,293
<b>Balance at 1 July 2008</b>	4,749	8,070	6,856	669	439,598	459,942
Attributable profit	-	-	-	-	31,760	31,760
Equity settled share-based payment adjustment	-	-	1,714	-	-	1,714
Net change in hedging reserve	-	-	-	17,862	-	17,862
<b>Balance at 31 December 2008</b>	4,749	8,070	8,570	18,531	471,358	511,278



The framed image is taken from Comair Limited's Formula for Success and depicts the top line principle of "Teamwork".

The logo comprises hundreds of ants working together towards a common purpose; a work ethic that is highly valued and practised within Comair.

<b>Abridged Group Balance Sheet</b>	<b>Unaudited six months 31 Dec 2008 R '000</b>	<b>Unaudited six months 31 Dec 2007 R '000</b>	<b>Audited year 30 June 2008 R '000</b>
<b>ASSETS</b>			
Property, plant and equipment	893,714	736,851	866,750
Investment in associates	65,186	16,413	56,113
Available-for-sale investments	120,870	99,450	110,160
Current assets	472,007	506,806	409,406
	<b>1,551,777</b>	<b>1,359,520</b>	<b>1,442,429</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital and reserves	511,278	450,293	459,942
Interest-bearing liabilities	353,342	310,514	360,333
Deferred taxation	27,687	33,716	44,717
Current liabilities	659,470	564,997	577,437
	<b>1,551,777</b>	<b>1,359,520</b>	<b>1,442,429</b>
Net asset value per share (cents)	128	112	102

### **Abridged Group Cash Flow Statement**

Cash and cash equivalents at the beginning of the period	125,004	242,024	242,024
Cash from operations and investment income	223,373	201,467	172,439
Dividends paid	-	(36,065)	(36,067)
Taxation paid	(13,351)	(23,176)	(28,180)
Cash utilised in investing activities	(98,184)	(121,254)	(358,057)
Net effect of share trust activities	-	1,000	665
(Decrease)/increase in interest-bearing liabilities	(6,991)	65,466	132,180
Cash and cash equivalents at the end of the period	<b>229,851</b>	<b>329,462</b>	<b>125,004</b>

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# Comair Limited



## Performance review

Our interim results for the 2009 financial year were severely affected by the record-high fuel price experienced in the first quarter. Attributable earnings declined by 47% to R32 million (comparative period: R60 million) resulting in headline earnings per share of 7.9 cents relative to 14.8 cents in the comparative period. The cash balance grew by R105 million from 30 June 2008.

Passenger numbers remained stable while turnover grew by 28% as a result of fare increases required to partially recover the escalating fuel price. The fuel bill increased from R427 million to R682 million despite our new fleet of Boeing 737 aircraft using 26% less fuel per seat than the old MD82 aircraft that they replaced. Performance was also hampered by aggressive price competition from loss-making, taxpayer-funded state competitors SAA and Mango. Losses on fuel hedging were offset by gains on hedging the rand against the US dollar.

## Prospects

The recovery of the fuel price since October 2008 has had a substantial effect on restoring our cost base to improved levels, although the weaker rand has put further pressure on costs. The global economic crisis has resulted in declining passenger volumes from international markets. The domestic market has shrunk by 5% year to date and we anticipate a further decline in the second half of our financial year, but with some respite offered by events like the British and Irish Lions' tour and the Confederations Cup as well as the build up to the 2010 Soccer World Cup.

Cash management will remain a priority in anticipation of opportunities that might arise in the current economic climate. We also continue to focus on diversifying our business, thereby reducing the influence of the oil price and exchange rate on profits. Currently our key diversification project is the development of our on-line travel business which is already marketing a wide range of travel packages, accommodation and car rental. During the period we acquired two small on-line travel businesses. We are also developing our outsourcing business where we provide a range of services to other airlines, including flight training and passenger handling. In addition, route development and customer-centric core product enhancements receive continued attention. We anticipate growth from our new business ventures.

We will continue to rely on the strength of our people and their commitment to world-class customer service to see us through a challenging year ahead.

## Dividends

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

## Director's appointment

Mr Rajesh R Mehta was appointed to the Board as a non-executive director on 4 December 2008.

## Basis of preparation

In terms of the listing requirements of the JSE Limited, the Group has prepared the consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") and IAS34 and in terms of the Companies Act. The accounting policies used in the preparation of these results are consistent in material respects with those used in the financial statements for the year ended 30 June 2008.

## For and on behalf of the board

<b>D. Novick</b> Chairman	<b>G.S. Novick</b> Joint CEO	<b>E.R. Venter</b> Joint CEO
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16 February 2009

## Company Secretary

D. Borer

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