

Performance review

The Group performed well during a difficult trading period of continued recession and was able to marginally increase attributable profit by 3% to R33 million (comparative period: R32 million) resulting in earnings per share increasing from 7.9 cents to 8.1 cents. Passenger volumes remained constant in a declining market, while turnover declined due to lower ticket prices on the back of a lower fuel cost. Cash on hand remained strong at R253 million. We continued to see the benefit of our cost saving initiatives throughout the Company.

Passenger surveys conducted on both our brands confirmed our high service levels, and we achieved further improvement in our on-time performance. On the back of this we were able to increase our market share. We continued to invest in our affiliated businesses with on-line travel showing good growth over the period.

Prospects

There are no clear indications of economic recovery in the market for air travel although we do expect the South African market to follow the first signs of recovery seen overseas. We have embarked on further expansion out of Lanseria to both Durban and Cape Town and were recently awarded further licences into Africa.

While we are cautiously optimistic about higher volumes over the World Cup, this may be tempered by the difficulty in predicting patterns of demand and supply and the significant challenge this presents to pricing airline tickets for this month long event.

Comair recently signed a purchase agreement with Boeing for eight new generation B737-800 aircraft for delivery over the period 2012 to 2015, subject to certain financing arrangements being concluded. Effective financing mechanisms are currently under consideration and shareholders will be informed thereof in due course. These eight aircraft will be in addition to two B737-800 aircraft recently acquired on operating lease and already flying in kulula colours. The new fleet will deliver significant improvements in operating efficiency, passenger comfort and environmental impact.

At the end of the reporting period an aircraft previously acquired for cash was refinanced. There was no significant impact on earnings arising from this loan during the reporting period.

Our priorities remain safety, operating efficiency, conservative cash management, superior customer service and operating efficiency while seeking new growth opportunities for both the airline and travel businesses.

Dividends

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

Director's appointment

Mr. R Yasas Sri Chandana was appointed to the Board as the Financial Director on 15 September 2009.

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 (Act 61 of 1973) as amended. 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 2009.

The following new standards and amendments to standards have become mandatory for the financial year beginning 1 January 2009:

IAS 1 (revised) – Presentation of Financial Statements.

The Group has elected to present one performance statement: namely a statement of comprehensive income and to rename the balance sheet to the statement of financial position. The interim financial statements have been prepared under the revised disclosure requirements.

IFRS 8 – Operating segments.

This standard requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. On this basis non-airline businesses which in aggregate contribute more than 10% of profit before tax have been disclosed separately.

By order of the Board

D Novick Chairman	GS Novick Joint CEO	ER Venter Joint CEO
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16 February 2010

Company Secretary

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Address and Registered Office

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Sponsor

RAND MERCHANT BANK (A division of FirstRand Bank Limited)



Unaudited Interim Results
for the six months ended 31 December 2009

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



I remember well...

I remember the days of dinner jackets and occasion hats, of matching luggage and when spending hours watching planes through tinted glass was an event we dressed up for.

I want to remember the excitement again, the rush! I want my children to experience flight as I know it.



*Once, I dreamed of flying...
dancing with the clouds high above the world,
Come and dream with me...*

	Unaudited six months 31 Dec 2009 R '000	Unaudited six months 31 Dec 2008 R '000	Audited year 30 June 2009 R '000
Abridged Group Statement of Comprehensive Income			
Revenue	1,415,703	1,606,846	3,048,782
Operating expenses	(1,361,835)	(1,552,672)	(2,920,083)
Profit from operations	53,868	54,174	128,699
Investment income	16,319	11,951	34,033
Interest expense	(23,775)	(26,403)	(49,138)
Share of profit/(loss) of associates	(3,010)	2,210	170
Profit before taxation	43,402	41,932	113,764
Taxation	(10,782)	(10,172)	(40,715)
Profit after tax attributable to the equity holders of the parent	32,620	31,760	73,049
Other comprehensive income			
Fair value adjustment on cash flow hedge net of taxation	5,181	17,862	(18,193)
Total comprehensive income for the year attributable to the equity holders of the parent	37,801	49,622	54,856
Earnings per share (cents)	8.1	7.9	18.2
Headline earnings per share (cents)	8.1	7.9	19.6
Diluted earnings per share (cents)	8.1	7.9	18.0
Diluted headline earnings per share (cents)	8.1	7.9	19.4
Dividends per share	5.0	-	-
Total number of shares in issue ('000)	420,000	420,000	420,000
Weighted ordinary shares in issue ('000)	400,814	400,805	400,814
Diluted weighted ordinary shares in issue ('000)	404,510	404,211	405,873
Depreciation (R '000)	64,457	53,653	105,874
Reconciliation between earnings and headline earnings			
Profit attributable to equity holders	32,620	31,760	73,049
Add: IAS 16 loss on disposal of property, plant and equipment	-	-	5,608
Headline earnings after tax	32,620	31,760	78,657
Abridged Group Statement of Financial Position			
ASSETS			
Property, plant and equipment	961,765	893,714	912,043
Investment in associates	76,317	65,186	73,637
Available-for-sale-investments	142,290	120,870	131,580
Current assets	573,642	472,007	583,526
	1,754,014	1,551,777	1,700,786
EQUITY AND LIABILITIES			
Share capital and reserves	537,197	511,278	517,722
Interest-bearing liabilities	439,242	353,342	360,582
Deferred taxation	84,317	27,687	68,310
Current liabilities	693,258	659,470	754,172
	1,754,014	1,551,777	1,700,786
Net asset value per share (cents)	134.0	127.6	129.1

	Unaudited six months 31 Dec 2009 R '000	Unaudited six months 31 Dec 2008 R '000	Audited year 30 June 2009 R '000
Abridged Group Statement of Cash Flows			
Cash and cash equivalents at the beginning of the period	309,220	125,004	125,004
Cash from operations and investment income	53,390	223,373	363,629
Dividends paid	(20,040)	-	-
Taxation paid	8,672	(13,351)	(13,288)
Cash utilised in investing activities	(130,577)	(98,184)	(195,549)
Net effect of share trust activities	-	-	(504)
Increase in interest-bearing liabilities	32,086	(6,991)	29,928
Cash and cash equivalents at the end of the period	252,751	229,851	309,220
Abridged Group Segment Report			
Segmental Revenue			
Airline	1,401,870	1,594,515	3,021,830
Non-airline	13,833	12,331	26,952
	1,415,703	1,606,846	3,048,782
Segmental Results			
Airline	47,505	47,703	111,970
Non-airline	6,363	6,471	16,729
Profit before taxation	53,868	54,174	128,699
Investment income	16,319	11,951	34,033
Interest expense	(23,775)	(26,403)	(49,138)
Share of profit/(loss) of associates	(3,010)	2,210	170
Profit before taxation	43,402	41,932	113,764
Abridged Group Statement of Changes in Equity			
Opening Balance	517,722	459,942	459,942
Total comprehensive income for the period	37,801	49,622	54,856
Dividends paid	(20,040)	-	-
Equity settled share-based payment adjustment	1,714	1,714	3,428
Net effect of share trust activities	-	-	(504)
Closing Balance	537,197	511,278	517,722