Unaudited Unreviewed Condensed Consolidated Interim Results

For the Six Months Ended 31 December 2018, Changes to the Board and Cash Dividend Declaration

Comair Limited
WE LIFT YOU UP

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”)

Earnings Review

Comair performed well to deliver a record 12% increase in revenue for the first-half of the year. This was achieved despite the technical recession in the 1st quarter of the financial year. However, this revenue growth was offset by elevated fuel prices and unforeseen short-term aircraft leasing costs. Consequently, earnings per share (“EPS”) and headline earnings per share (“HEPS”) decreased by 38% to 27.2 cents per share (prior period: EPS and HEPS of 43.6 cents per share).

The non-airline businesses continued to perform well nevertheless, maintaining an overall contribution to Net Profit Before Taxation of 27% (prior period: 19%) and sustained prospects for further growth.

Cash generated from operations declined by R187 million to R436 million versus R623 million in the comparative period. The decline in cash generated from operations arose primarily as a result of elevated fuel prices. Investing activities included R89 million that was paid towards pre-delivery payments on the Boeing 737-8 MAX aircraft order and R253 million was invested in aircraft heavy maintenance. This resulted in a closing cash balance of R331 million (prior period: R777 million).

The Airline Business

Airline Passenger Revenue increased by 11% on the back of a combined increase of 5% in passenger volumes and a 6% increase in the average fare per passenger. Comair’s average seat occupancy has increased but remains below the global average of 85%, which is indicative of the continued overcapacity in the domestic airline market.

Airline operating costs increased by 17% with the most significant driver being a 35% increase in the Rand price of fuel per litre amounting to an additional R263 million compared to the prior period, following a sharp escalation in the Dollar price of oil combined with Rand volatility.

The translation profit of the comparative period that arose from the effect of the exchange rate on a Dollar-based aircraft loan, was reversed as the currency deteriorated from R12.36 to R14.38 against the Dollar as at 31 December 2018. This resulted in a reported loss of R11 million in the current period on the loan value of USD15.7 million, compared to a profit of R11 million on the revaluation of the loan at 31 December 2017.

In addition to the above, increased aircraft depreciation amounting to R46 million arising from the re-assessment of depreciation on certain aircraft components as well an additional R50 million in hard currency-based operational costs, resulted in a higher cost base compared to the comparative period.

The well-documented problems with maintenance scheduling and parts inventory at SAA Technical hampered on-time departures and operations, resulting in unbudgeted, incremental costs of around R34 million, which included short-term aircraft leases to sustain fleet availability. The airline has subsequently commissioned heavy maintenance events overseas in order to alleviate the backlog on local maintenance service capacity and is on track with the implementation of its aircraft line maintenance arrangements with Lufthansa Technik in South Africa.

The airline will be taking delivery of two new Boeing 737-8 MAX aircraft in February and March of 2019 as well as four leased Boeing 737-800 aircraft due for delivery between April and September 2019, all of which will replace older Boeing 737-400 equipment. The ongoing upgrades to our fleet are intended to mitigate the rise in the fuel price, while enhancing the potential revenue per flight and providing an improved customer proposition.

The Non-Airline Businesses

Training

Effective 1 July 2018, the Group acquired a leadership development consultancy firm, Metaco Holdings Proprietary Limited. The company focusses on strategic development, organisational design and change management with a client base that encompasses boards, leadership teams and individuals across a range of industries in the private and public sectors.

The cabin and ground crew training entities, EPT Aviation Training Proprietary Limited and Global Training College South Africa Proprietary Limited, acquired in December 2017, have performed well despite student volumes remaining relatively consistent due to capacity constraints. There is significant opportunity to expand these businesses.

External pilot training has been limited in order to accommodate internal training needs. However, an Airbus A320 fixed-base trainer, costing R21 million, was installed in the first quarter of the 2019 financial year and the Company has further negotiated a lease of a full motion Airbus A320 trainer. The Company has identified a suitably scaled revenue pipeline in view of the investment in simulator equipment.

These acquisitions align with the Group’s view to establish an extensive aviation training academy with a global customer base.

The Lounge Business

The SLOW Lounges have set a new standard for airport lounges with their design and service excellence. Occupancy levels for the lounges continue to increase despite the Group having expanded its domestic and international SLOW Lounges at O.R. Tambo International Airport.

The Catering Business

The Group’s catering unit, Food Directions, currently leases premises from the Group’s property-owning company, Alooca Properties Proprietary Limited, in Anchor Industrial Park. This site allows for the ongoing expansion of Food Directions.

Food Directions has recently been granted a licence to provide third party catering services at the Airports Company South Africa airports, which will allow it to provide catering to third-party airlines.

Food Directions won the tender to cater for the food and beverage service requirements for British Airways International lounges at both O.R. Tambo International and Cape Town International airports.

Finally, the Group has moved the catering and procurement needs of the SLOW Lounge network to Food Directions. The combined procurement volumes have allowed for improved buying discounts and numerous cost saving benefits to the Group. Food cost inflation has been contained at below industry CPIX levels since the inception of the Food Directions division.

The Travel Business

The Group has invested in the development of a ‘next generation’ distribution platform for luxury inbound tourism into Africa amounting to approximately R26 million over 3 years with R8 million invested to date. Studies show that luxury travel has emerged as the fastest growing segment in global travel, with growth in tourism arrivals in Sub-Saharan Africa exceeding that of the rest of the world. However, the technology used in South Africa to compete for global tourism is outdated and the Group has taken the opportunity to establish effective global distribution channels. The new platform will commence selling in mid-2019.

The existing travel businesses, including kulula.work, kulula.holidays and mtbeds continue to deliver good margins and steady growth despite a depressed local travel market.

Technology Solutions

Consistent focus on implementing technology solutions has enhanced the Group’s operating performance, customer service and revenue generation. The pace of development in technology is relentless, and to this end, the Group has acquired a data integration platform, at a total cost of R19 million over two years with R12 million settled in the first half of the 2019 financial year and R7 million in the 2018 financial year. This technology seamlessly connects all applications and data sources and will eliminate the duplication of development efforts across the Group’s various distribution channels while facilitating the extraction of the maximum benefit from its customer data in order to improve on its service offering and on the marketing of relevant products to its various customer segments.

The Group has further invested in the renewal of its Sabre suite of software licenses, amounting to a total cost of R34 million over two years with R18 million invested in the current reporting period and R16 million in the 2018 financial year.

Effective 1 August 2018, the Group entered into a joint arrangement with an IT technology company, Infinea SA Holdings Proprietary Limited, thereby establishing a jointly held company called Nacelle Proprietary Limited. Nacelle has been positioned as a service provider to the aviation and related sectors to deliver services such as IT operations support, project deployment and software development. The joint venture creates the opportunity to commercialise decades of Comair’s operational discipline and expertise in aviation through utilising Infinea’s expertise in software development, software marketing, operations support and payment solutions. The company is still in its start-up phase and to period end incurred a loss of R3.8 million, with the Group’s proportionate share of unrecognised losses at period end being R1.9 million.

People

The management of talent is considered to be a key differentiator of the Group and remains a core focus. The Group values its talent and continues to make a significant investment to support the management of its skills base. Talent Management practices support decisions on building capacity now and into the future, with the benefit to employees of building career paths.

Damages Claim

Comair’s claim against South African Airways SOC Limited (“SAA”) for damages arising from anti-competitive conduct was heard in the Gauteng South High Court between 18 April and 24 August 2016. Judgement in this matter was handed down on 15 February 2017. In terms of the judgement, Comair was awarded damages in the sum of approximately R1.16 billion, inclusive of costs and interest to that date. On 15 February 2019, Comair and SAA entered into a full and final settlement agreement relating to this matter, and the Settlement Agreement was made an order of court by the Supreme Court of Appeal. In terms of the settlement agreement, SAA will pay Comair an amount of R1 108 040 000 plus interest. This settlement amount will be made in accordance with a payment schedule commencing on 28 February 2019 and terminating on 28 July 2022, or earlier should SAA elect to make payments earlier than agreed. In addition, SAA will also pay Comair’s taxed legal costs incurred to date. As such, both SAA and Comair will withdraw their appeal and cross appeal respectively currently pending before the Supreme Court of Appeal.

Prospects

The current weak economy is expected to maintain pressure on consumer spending while the oversupply of seats in the domestic market continues to place downward pressure on pricing across most routes. The Dollar price of oil has declined subsequent to the end of the first half which will provide some relief in the second half of the financial year. The ongoing investment in new aircraft remains a key competitive differentiator for Comair, particularly in an environment of higher oil prices and a poor exchange rate.

The Group continues with its diversification strategy as a means of mitigating airline risks such as fuel and exchange rate volatility and the inflationary cost of fleet replacement, the rate of which continues to outpace growth in margins.

Comair is well placed to operate in these conditions, with strong brands, committed staff, effective equipment, an efficient cost base and investment into the diversified, non-airline segment of the business, which is progressing well and will receive ongoing focus.

Dividends

Notice is hereby given that a gross interim cash dividend of 5.00000 cents per ordinary share has been approved and declared by the Board which is payable to shareholders for the period ended 31 December 2018. The dividend has been declared out of income reserves.

The dividend will be subject to a local dividend tax rate of 20% or 1.00000 cent per ordinary share, resulting in a net dividend of 4.00000 cents per ordinary share, unless the shareholder is exempt from paying dividend tax or is entitled to a reduced rate in terms of the applicable double taxation agreement. The Company’s tax reference number is 9281/874/7/1/0 and the number of ordinary shares in issue at the date of this declaration is 469,330,865.

In accordance with the provisions of Strate, the electronic settlement and custody system used by the JSE Limited, the relevant dates for the dividend are as follows:

Event	Date
Last day to trade (cum dividend)	Monday, 18 March 2019
Shares commence trading (ex dividend)	Tuesday, 19 March 2019
Record date (date shareholders recorded in books)	Friday, 22 March 2019
Payment date	Monday 25 March 2019

Share certificates may not be dematerialised or rematerialised between, Tuesday, 19 March 2019 and Friday, 22 March 2019, both days inclusive.

Directors’ Appointments and Resignations

Resignations

The following directors resigned:

- Mr N Li resigned as a Non-executive Director on 31 August 2018.
- Mr C Luo resigned as a Non-executive Director on 31 August 2018.
- Mr JM Kahn retired as an Independent Non-executive Director (and his associated positions on the Remunerations Committee and Nominations Committee) on 17 September 2018.
- Dr PJ Welgemoed, an Independent Non-executive Director, retired as a member of the Audit Committee on 17 September 2018.
- Mr SL Doyle resigned as an Independent Non-executive Director (and his associated position on the Audit Committee) on 1 February 2019 after his appointment with Aer Lingus.

Appointments

- Ms NB Sithole, an Independent Non-executive Director, was appointed as a member of the Audit Committee on 17 September 2018.
- Mr SL Doyle, an Independent Non-executive Director, was appointed as a member of the Audit Committee on 17 September 2018.
- Ms WD Stander, was appointed as an Executive Director of the company, on 1 November 2018.
- Ms CS Martinoli, was appointed as an Independent Non-executive Director of the company, on 18 February 2019 with immediate effect.

Condensed Consolidated Statements of Profit or Loss

	Group		
	Unaudited 6 months ended 31 Dec 2018 R’000	Unaudited 6 months ended 31 Dec 2017 R’000	Audited Year ended 30 June 2018 R’000
Revenue	3,705,181	3,301,043	6,536,540
Operating expenses	(3,170,419)	(2,715,226)	(5,412,752)
Operating profit *	**534,762**	**585,817**	**1,123,788**
Depreciation and amortisation	(256,314)	(210,375)	(443,237)
Unrealised translation (loss)/gain on Dollar denominated aircraft loan	(11,336)	11,614	(12,056)
Profit on sale of assets	-	-	2,085
Profit from operations	**267,112**	**387,056**	**670,580**
Interest income	12,360	20,297	36,611
Interest expense	(121,370)	(124,921)	(248,938)
Gain/(loss) on remeasurement of non-current assets held for sale	-	(266)	12
Income from equity accounted associates	11,328	6,606	12,979
Profit before taxation	**169,430**	**288,772**	**471,244**
Taxation	(42,354)	(85,394)	(145,633)
- current year	(48,809)	(85,394)	(145,633)
- prior year overprovision	6,455	-	-
Profit for the period	**127,076**	**203,378**	**325,611**
Profit for the period attributable to:			
Owners of the parent	126,366	202,714	324,537
Non-controlling interest	710	664	1,074
	127,076	**203,378**	**325,611**

* Operating profit before depreciation, amortisation, unrealised translation (loss)/gain on translation of dollar denominated aircraft loan and profit on sale of assets.

Condensed Consolidated Statements of Comprehensive Income

	Unaudited 6 months ended 31 Dec 2018 R’000	Unaudited 6 months ended 31 Dec 2017 R’000	Audited Year ended 30 June 2018 R’000
Profit for the period	127,076	203,378	325,611
Other comprehensive income, net of tax	-	-	-
Total comprehensive income for the period	**127,076**	**203,378**	**325,611**
Total comprehensive income for the period attributable to:			
Owners of the parent	126,366	202,714	324,537
Non-controlling interest	710	664	1,074
	127,076	**203,378**	**325,611**
Earnings per share (cents)	27.2	43.6	69.8
Headline earnings per share (cents)	27.2	43.6	69.5
Diluted earnings per share (cents)	27.2	43.6	69.8
Diluted headline earnings per share (cents)	27.2	43.6	69.5
Dividends per share paid (cents)	17.0	14.0	19.0
Actual number of shares in issue ('000)	469,331	469,331	469,331
Weighted ordinary shares in issue ('000)	465,089	465,089	465,089
Diluted weighted ordinary shares in issue ('000)	465,089	465,089	465,089

	Group		
	Unaudited 6 months ended 31 Dec 2018 R’000	Unaudited 6 months ended 31 Dec 2017 R’000	Audited Year ended 30 June 2018 R’000
Reconciliation between earnings and headline earnings			
Earnings attributable to ordinary shareholders	126,366	202,714	324,537
Add/(Less): IFRS 5 impairment/(reversal of impairment) on remeasurement of non-current assets held for sale	-	266	(12)
(Less)/Add: taxation effect of IFRS 5 (impairment)/reversal of impairment on remeasurement of non-current assets held for sale	-	(74)	3
Less: IAS 16 profit on disposal of property, plant and equipment	-	-	(2,085)
Add: taxation effect of IAS 16 profit on disposal of property, plant and equipment	-	-	584
Headline earnings attributable to ordinary shareholders	**126,366**	**202,906**	**323,027**

Condensed Consolidated Statements of Financial Position

	Unaudited 6 months ended 31 Dec 2018 R’000	Unaudited 6 months ended 31 Dec 2017 R’000	Audited Year ended 30 June 2018 R’000
Assets			
Property, plant and equipment	5,798,076	4,985,985	5,509,614
Intangible assets	13,917	16,731	14,970
Investments in associates	61,374	49,731	52,645
Investment in joint venture	-	-	-
Goodwill	42,236	12,930	13,169
Deferred tax	3,853	3,902	3,853
Current assets	696,652	1,041,190	1,029,399
Non-current assets held for sale	-	3,337	-
	6,616,108	**6,113,806**	**6,623,650**
Equity and liabilities			
Share capital and reserves	1,827,667	1,680,864	1,779,800
Interest bearing liabilities	2,098,630	2,246,191	2,176,595
Contingent consideration	17,434	-	-
Deferred taxation	613,890	520,437	571,726
Share-based payments	1,851	5,032	-
Current liabilities	2,056,636	1,661,282	2,095,529
	6,616,108	**6,113,806**	**6,623,650**
Net asset value per share (cents)	393.0	361.4	382.7

Condensed Consolidated Statements of Cash Flows

	Unaudited 6 months ended 31 Dec 2018 R’000	Unaudited 6 months ended 31 Dec 2017 R’000	Audited Year ended 30 June 2018 R’000
Cash generated from operating activities			
Cash generated from operations	436,280	622,631	1,172,829
Interest paid	(130,664)	(124,921)	(255,847)
Interest received	12,360	20,297	36,611
Taxation paid	(3,790)	(3,569)	(7,308)
Net cash from operating activities	**314,186**	**514,438**	**946,285**
Cash utilised in investing activities			
Additions to property, plant and equipment	(316,530)	(258,655)	(706,364)
Proceeds on disposal of property, plant and equipment	-	3,441	8,836
Additions to intangible assets	(4,368)	(5,157)	(8,795)
Pre-delivery payments	(89,482)	(160,312)	(219,714)
Business combinations, net of cash acquired	(10,832)	(5,411)	(1,300)
Movement in investment in associate	2,600	-	5,630
Net cash utilised in investing activities	**(418,612)**	**(426,094)**	**(921,707)**
Cash utilised in financing activities			
Raising of interest-bearing liabilities	55,571	131,138	240,989
Repayment of interest-bearing liabilities	(226,358)	(312,655)	(426,515)
Dividends paid	(79,209)	(65,231)	(88,528)
Net cash utilised in financing activities	**(249,996)**	**(246,748)**	**(274,054)**
Total cash movement for the period	(354,422)	(158,404)	(249,476)
Cash and cash equivalents at the beginning of the period	685,437	934,913	934,913
Cash and cash equivalents at the end of the period	**331,015**	**776,509**	**685,437**

Condensed Consolidated Segmental Reports

	Unaudited 6 months ended 31 Dec 2018 R’000	Unaudited 6 months ended 31 Dec 2017 R’000	Audited Year ended 30 June 2018 R’000
Segmental Revenue			
Airline	3,513,683	3,148,957	6,207,526
Non-airline	191,498	152,086	329,014
	3,705,181	**3,301,043**	**6,536,540**
Segmental Results			
Airline	491,455	534,352	1,011,557
Non-airline	43,307	51,465	112,231
Operating profit before depreciation, amortisation, unrealised (loss)/gain on translation on dollar denominated aircraft loan and profit on sale of assets	534,762	585,817	1,123,788
Depreciation and amortisation – Airline	(240,606)	(197,984)	(416,439)
Depreciation and amortisation – Non-airline	(15,708)	(12,391)	(26,798)
Unrealised translation (loss)/gain on dollar denominated aircraft loan – Airline	(11,336)	11,614	(12,056)
Profit on sale of assets – Airline	-	-	1,656
Profit on sale of assets – Non-airline	-	-	429
Profit from operations	**267,112**	**387,056**	**670,580**
Interest income – Airline	5,894	10,273	18,329
Interest income – Non-airline	6,466	10,024	18,282
Interest expense – Airline	(121,370)	(124,912)	(248,741)
Interest expense – Non-airline	-	(9)	(197)
Gain/(loss) on remeasurement of non-current assets held for sale – Airline	-	(266)	12
Income from equity accounted investments – Non-airline	11,328	6,606	12,979
Profit before tax	**169,430**	**288,772**	**471,244**
Segmental assets – Airline	6,086,773	5,394,364	5,953,352
Segmental assets – Non-airline	529,335	719,442	670,298
Segmental liabilities – Airline	(4,669,638)	(4,313,235)	(4,716,041)
Segmental liabilities – Non-airline	(118,803)	(119,707)	(127,809)
Segmental capital additions – Airline (excluding borrowing costs capitalised)	313,943	163,759	789,737
Segmental capital additions – Non-airline	66,647	97,266	118,135

Condensed Consolidated Statements of Changes in Equity

	Group		
	Unaudited 6 months ended 31 Dec 2018 R’000	Unaudited 6 months ended 31 Dec 2017 R’000	Audited Year ended 30 June 2018 R’000
Opening balance	1,779,800	1,542,717	1,542,717
Total comprehensive income for the period	127,076	203,378	325,611
Dividend paid	(79,209)	(65,231)	(88,528)
	1,827,667	**1,680,864**	**1,779,800**

Business Combinations

EPT Aviation Training Proprietary Limited and Global Training College South Africa Proprietary Limited

On 11 December 2017, the Group acquired 100% of the share capital in EPT Aviation Training Proprietary Limited and 100% of the share capital in Global Training College South Africa Proprietary Limited (previously EPT Global Training Proprietary Limited). These acquisitions were acquired for an aggregate consideration of R8.5 million, which was settled in cash.

The accounting for this acquisition has now been finalised as allowed in terms of IFRS 3 *Business Combinations*, the applicable accounting standard, and contains no changes to the provisional amounts as included in the Group’s 2018 Annual Report.

Metaco Holdings Proprietary Limited

On 1 July 2018, the Group acquired 100% of the share capital of the leadership development consultancy company Metaco Holdings Proprietary Limited. This business was acquired for an aggregate estimated purchase consideration of R30.3 million, on which an upfront cash payment of R12.9 million was made. The remaining amount of R17.4 million is based on the cumulative net profit after tax for the period from the effective date until the sixth anniversary of the effective date, less 25%, being the deemed profit share to Comair (“the contingent consideration”). The contingent consideration has been calculated based on management’s best estimate of the projected profits for the performance guarantee period. The liability is categorised under level 3 in the fair value hierarchy.

The acquired business contributed revenue of R2.7 million and a net loss after tax of R978 000 to the Group since acquisition.

These provisional amounts have been calculated in accordance with the Group’s accounting policies.

The final purchase price accounting has not yet been completed at period end, and will be completed within 12 months of the acquisition as defined in IFRS 3 *Business Combinations*, the applicable accounting standard.

The below table summarises the provisional amount of assets acquired and liabilities assumed at the acquisition date:

	Group
	Unaudited 6 months ended 31 Dec 2018 R’000
Purchase consideration	30,295
The summarised provisional assets and liabilities arising from the acquisition are as follows:	
Total assets	3,168
Total liabilities	(1,940)
Fair value of net assets	1,228
Goodwill	29,067
Total purchase consideration	**30,295**
Purchase consideration	(30,295)
- Settled in cash	(12,861)
- Contingent consideration	(17,434)
Cash and cash equivalents in subsidiaries acquired	2,029
Cash outflow on acquisition	**(10,832)**

Joint Arrangements

On 1 August 2018, the Group entered into a joint arrangement with an IT technology company, Infinea SA Holdings Proprietary Limited, establishing a joint venture called Nacelle Proprietary Limited (“Nacelle”).

The company is still in its start-up phase and to period end incurred a loss of R3.8 million, with the Group’s proportionate share of unrecognised losses at period end being R1.9 million.

Significant Commitments

Comair made pre-delivery payments of R157 million (of which R89 million was funded out of cash reserves while the balance was financed) during the current period to 31 December 2018 (prior period: R160 million) towards the delivery of eight Boeing 737-8 MAX aircraft due for delivery between 2019 and 2023. The Group has a remaining commitment to Boeing for R5.7 billion at period end (prior period: R5.2 billion) in respect of the Boeing 737-8 MAX order.

Of the remaining R5.7 billion commitment to Boeing, R1.1 billion falls due on the delivery of the first two Boeing 737-8 MAX aircraft, with delivery expected to take place between February 2019 and March 2019 respectively.

Pre-delivery payment finance has been mandated to Investec Bank.

Senior-debt financing of the February and March deliveries has been mandated to Citibank.

The funding options for the remaining six Boeing 737-8 MAX on order will be finalised closer to the time of delivery.

Basis of Preparation

In terms of the Listings Requirements of the JSE Limited, the Group has prepared its Unaudited Unreviewed Condensed Consolidated Interim Financial Statements in accordance with International Financial Reporting Standards, including IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act, Act No. 71 of 2008. At the beginning of the period, the Group adopted IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments*. There was no significant impact from the adoption of these new accounting standards and therefore no transition adjustments have been processed. Other than the new standards adopted above, the accounting policies used in the preparation of these results are consistent in all material respects with those applied in the previous annual financial statements.

These Unaudited Unreviewed Condensed Consolidated Interim Financial Statements were prepared by Ryan de Miranda CA(SA), under the supervision of Kirsten King CA(SA), the Financial Director.

These results have not been audited or reviewed by the Group’s auditors, BDO South Africa Inc. (Ben Frey (Audit Partner, Registered Auditor, CA (SA)).

Subsequent Events

Comair’s claim against South African Airways SOC Limited (“SAA”) for damages arising from anti-competitive conduct was heard in the Gauteng South High Court between 18 April and 24 August 2016. Judgement in this matter was handed down on 15 February 2017. In terms of the judgement, Comair was awarded damages in the sum of approximately R1.16 billion, inclusive of costs and interest to that date. On 15 February 2019, Comair and SAA entered into a full and final settlement agreement relating to this matter, and the Settlement Agreement was made an order of court by the Supreme Court of Appeal. In terms of the settlement agreement, SAA will pay Comair an amount of R1 108 040 000 plus interest. This settlement amount will be made in accordance with a payment schedule commencing on 28 February 2019 and terminating on 28 July 2022, or earlier should SAA elect to make payments earlier than agreed. In addition, SAA will also pay Comair’s taxed legal costs incurred to date. As such, both SAA and Comair will withdraw their appeal and cross appeal respectively currently pending before the Supreme Court of Appeal.

No other matters have occurred between the reporting date and the date of approval of the Unaudited Unreviewed Condensed Consolidated Interim Financial Statements which would have a material effect on these financial statements.

By order of the Board

P van Hoven (Chairman)   E Venter (Chief Executive Officer)
18 February 2019

Sponsor

PSG Capital
19 February 2019