



**CONDENSED
CONSOLIDATED
PROVISIONAL
AUDITED RESULTS**

FOR THE YEAR ENDED 30 JUNE 2019,

**CHANGES TO THE
BOARD AND**

**CASH DIVIDEND
DECLARATION**

Comair Limited
(Incorporated in the Republic of South Africa)
Reg. No. 1967/006783/06
ISIN Code: ZAE000029823 Share Code: COM
("Comair" or the "Group")

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EARNINGS REVIEW

Earnings per share ("EPS") increased by 175% to 192.4 cents per share (prior year: 69.8 cents per share). Headline earnings per share ("HEPS") increased by 184% to 197.2 cents per share (prior year: 69.5 cents per share). The airline business in particular continued to operate in a volatile, complex and unpredictable environment, giving rise to an increase in operating expenses of 16% versus FY18. Fuel and currency movements added R342 million and R89 million respectively in costs over the year.

The sharp increase in earnings was a direct consequence of the Company entering into a settlement agreement with South African Airways SOC Limited ("SAA") amounting to R1.1 billion plus R168 million interest (the "Settlement Amount") in respect of Comair's case initiated against SAA in 2005 in respect of SAA's anti-competitive travel agent incentive schemes.

Profit before taxation excluding the SAA Settlement Amount ("normalised earnings") net of impairments therefore declined by 82% from R471 million to R86 million, despite a record revenue performance with revenue rising by 9% versus FY18. This revenue increase was achieved on the back of a 4% increase in load factors, 3% increase in the average fare and 2% increase in combined sundry, ancillary and non-airline revenue.

The most significant negative budget variance (excluding fuel and currency costs) was however as a result of two separate and distinct fleet availability constraints. The well documented problems with aircraft maintenance scheduling and parts inventories at SAA Technical in the first half was subsequently further compounded by the global grounding of the Boeing 737 MAX 8 ("MAX") in the second half of FY19. Comair took delivery of one of two MAX aircraft scheduled for delivery in the second half, shortly before the equipment type was grounded. Both the maintenance capacity constraints and the MAX certification problems necessitated short term *ad hoc* aircraft leases. Comair sustained substantial losses as a result of both the maintenance challenges and the grounding of the MAX, incurring fixed costs such as finance and maintenance costs over and above short-term aircraft leases, without generating the commensurate revenue or contribution anticipated of the MAX. The computation of these costs is ongoing and will only be finalised once the MAX has been recertified, however, preliminary calculations estimate the combined amount at R195 million.

Depreciation and amortisation increased by R115 million, mainly from a change to the expected remaining useful life of engines following major maintenance events.

Cash generated from operations was down 5% to R1.113 billion from R1.173 billion which is acceptable in the face of the increased operating costs arising from the aforementioned fleet availability challenges. Working capital also came under pressure as the Group took delivery of two (2) aircraft namely one MAX aircraft and one leased B737-800 aircraft, in the second half of the year, necessitating import duty payments which, despite being refundable, placed pressure on working capital cycles.

An amount of R267 million (2018: R299 million), which pertains to aircraft pre-delivery debt, is classified in current liabilities but will be refinanced into long-term debt on delivery of the next two MAX aircraft (subject to regulatory approval by the South African Civil Aviation Authority).

PROSPECTS

Fleet Availability

In light of the considerable fleet availability challenges we face, we have taken decisive steps to mitigate future risk.

With regards to heavy aircraft maintenance, in the short term, we have commissioned heavy maintenance events overseas in order to alleviate the backlog on the local maintenance service capacity. In the long term, we have acquired 100% of the equity in Star Air Cargo Proprietary Limited and Star Air Maintenance Proprietary Limited (subject to Competition Commission approval), with a view to taking control of our own heavy maintenance requirements in South Africa.

We are on track with the implementation of the transition of the fleet from SAA Technical to Lufthansa Technik in South Africa for aircraft line maintenance purposes. The transition to Lufthansa Technik will come at a cost to the airline as Lufthansa recovers initial set-up costs and scales up its facilities. As a result, we will not see any meaningful cost benefit until FY22.

Boeing 737 MAX 8

We have confidence that Boeing, together with the various authorities, will succeed in re-certifying the MAX globally. The MAX is 16% more fuel efficient than a Boeing 737-800 and will deliver significant unit cost savings relative to the Boeing Classic and New Generation equipment types. However, as a consequence of delayed deliveries due to the grounding of the aircraft, currently committed future payments have been amended to reflect a delayed delivery schedule.

Boeing reported a USD4.9 billion after-tax charge for 'potential concessions and other considerations to customers for disruptions related to the B737 MAX 8 grounding'. We have had preliminary communications with Boeing regarding compensation for damages due to the MAX grounding. We have not reached any conclusions regarding these matters and no compensation amounts from Boeing have been included in our financial results.

Cost Leadership

Comair continues to pursue the lowest unit cost possible and extract efficiencies through aircraft technology to compensate for the pace of inflation in an environment of low growth and a deteriorating currency. The Group is pursuing a number of cost saving initiatives including investigating options to de-couple itself from foreign denominated technology costs.

Diversification

We have taken steps to disinvest from a poor performing acquisition, namely Metaco Holdings Proprietary Limited and its subsidiary, Metaco Coaching, Consulting and Training Proprietary Limited and impaired an effective R12 million (R29 million in goodwill which was offset by a R17 million fair value adjustment credit relating to the performance guarantee portion of the purchase price which will no longer be paid). The travel, hospitality and catering businesses continue to perform well and will receive ongoing focus.

DIVIDENDS

Notice is hereby given that a final gross cash dividend of 18.00000 cents per ordinary share has been approved and declared by the Board which is payable to Shareholders for the financial year ended 30 June 2019. The dividend has been declared out of income reserves.

The dividend will be subject to a local dividend tax rate of 20% or 3.60000 cents per ordinary share, resulting in a net dividend of 14.40000 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)	Tuesday, 29 October 2019
Shares commence trading (ex dividend)	Wednesday, 30 October 2019
Record date (date shareholders recorded in books)	Friday, 1 November 2019
Payment Date	Monday, 4 November 2019

Share certificates may not be dematerialised or rematerialised between, Wednesday, 30 October 2019 and Friday, 1 November 2019, both days inclusive.

CHANGES TO THE BOARD

Appointments

- Mr LP Ralphs, a Non-Executive Director has been appointed as Chairman with effect from the upcoming Annual General Meeting.
- Mr P van Hoven, who has retired as Chairman with effect from the upcoming Annual General Meeting, has been appointed as the Lead Independent Non-executive Director of the Board from this date.

DIRECTORS' APPOINTMENTS AND RESIGNATIONS

Appointments

The following Directors are appointed during the period:

- Ms NB Sithole, an Independent Non-Executive Director, was appointed as a member of the Audit and Risk Committee on 17 September 2018.
- Mr SL Doyle, an Independent Non-Executive Director, was appointed as a member of the Audit and Risk Committee on 17 September 2018.
- Ms WD Stander was appointed as an Executive Director of the Company on 1 November 2018 and was appointed as Joint Chief Executive Officer with effect from 31 July 2019.
- Ms CS Martinoli was appointed as an Independent Non-Executive Director of the Company on 18 February 2019.
- Mr GW Orsmond was appointed as Joint Chief Executive Officer and an Executive Director of the Company, with effect from 31 July 2019.
- Mr LP Ralphs was appointed as a Non-Executive Director of the Company on 1 July 2019.
- Dr PJ Welgemoed, an Independent Non-Executive Director, was re-appointed as a member of the Audit and Risk Committee on 1 July 2019.

Resignations

The following Directors resigned during the period:

- 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 and Risk Committee on 17 September 2018.
- Mr SL Doyle resigned as an Independent Non-Executive Director (and his associated position on the Audit and Risk Committee) on 1 February 2019 after his appointment with Aer Lingus.
- Mrs P Mahanyele-Dabengwa resigned as an Independent Non-Executive Director (and her associated position on the Audit and Risk Committee) on 20 June 2019.
- Mr RS Ntuli resigned as an Independent Non-Executive Director (and his associated position on the Audit and Risk Committee) on 30 June 2019.
- Mr ER Venter resigned as Chief Executive Officer and Executive Director (and his associated position on the Social, Ethics and Transformation Committee) with effect from 30 July 2019.
- Mr P van Hoven will retire as Chairman immediately following the upcoming Annual General Meeting.
- Dr PJ Welgemoed, an Independent Non-Executive Director, retired as a member of the Audit and Risk Committee on 17 September 2019.

APPRECIATION

Our sincere appreciation goes to every person within the Comair Group who contributed to our success during the year under review, including our Directors, Management and employees, and a special thanks to our customers and Stakeholders who have chosen to use our services or provide services to us. We also thank all the public-sector departments and agencies that we have worked with, for their shared commitment to our objectives.

CONDENSED CONSOLIDATED AUDITED RESULTS

COMAIR LIMITED

Condensed Consolidated Statement of Profit or Loss

	Audited 30 June 2019 R'000	Audited 30 June 2018 R'000
Revenue	7 125 642	6 536 540
Operating expenses	(6 263 975)	(5 412 752)
Operating profit before depreciation, amortisation, property rental income, unrealised loss on translation on dollar denominated loan, impairment of goodwill and profit on sale of assets	861 667	1 123 788
Depreciation and amortisation	(558 079)	(443 237)
Property rental income	5 929	-
Unrealised translation loss on dollar denominated loan	(5 986)	(12 056)
Impairment of goodwill	(28 989)	-
Profit on sale of assets	9 264	2 085
Profit from operations	283 806	670 580
Court awarded settlement	1 276 866	-
IFRS 9 loss allowance on court awarded settlement	(284 857)	-
Remeasurement of contingent consideration on business combination	17 434	-
Interest income	46 328	36 611
Interest expense	(256 774)	(248 938)
Impairment reversal on remeasurement of non-current assets held for sale	-	12
Income from equity accounted investments	20 449	12 979
Profit before taxation	1 103 252	471 244
Taxation	(206 443)	(145 633)
Profit for the year	896 809	325 611
Total profit for the year attributable to:		
Owners of the parent	894 804	324 537
Non-controlling interest	2 005	1 074
	896 809	325 611

Condensed Consolidated Statement of Comprehensive Income

	Audited 30 June 2019 R'000	Audited 30 June 2018 R'000
Profit for the year	896 809	325 611
Other comprehensive income, net of tax	-	-
Total comprehensive income for the year	896 809	325 611
Total comprehensive income for the year attributable to:		
Owners of the parent	894 804	324 537
Non-controlling interest	2 005	1 074
	896 809	325 611
Earnings per share (cents)	192.4	69.8
Headline earnings per share (cents)	197.2	69.5
Diluted earnings per share (cents)	192.4	69.8
Diluted headline earnings per share (cents)	197.2	69.5
Actual number of shares in issue ('000)	469 331	469 331
Weighted ordinary shares in issue ('000)	465 089	465 089
Diluted weighted ordinary shares in issue ('000)	465 089	465 089
Reconciliation between earnings and headline earnings		
Profit after tax attributable to the equity holders of the parent	894 804	324 537
Less: IAS 16 profit on disposal of property, plant and equipment	(9 264)	(2 085)
Add: Taxation effect of IAS 16 profit on disposal of property, plant and equipment	2 594	584
Add: IAS 36 impairment of goodwill	28 989	-
Less: IFRS 5 reversal of impairment on remeasurement of non-current assets held for sale	-	(12)
Add: Taxation effect of IFRS 5 reversal of impairment on remeasurement of non-current assets held for sale	-	3
Headline earnings attributable to ordinary shareholders	917 123	323 027

Condensed Consolidated Statement of Financial Position

	Audited 30 June 2019 R'000	Audited 30 June 2018 R'000
Assets		
Non-current assets		
Property, plant and equipment	6 314 910	5 509 614
Intangible assets	29 667	14 970
Investments in associates	67 649	52 645
Investment in joint venture	2 845	-
Court awarded settlement	360 203	-
Goodwill	13 169	13 169
Deferred tax	3 807	3 853
Total non-current assets	6 792 250	5 594 251
Current assets		
Inventories	21 731	18 849
Trade and other receivables	527 960	324 628
Court awarded settlement	267 977	-
Taxation	633	485
Cash and cash equivalents	536 204	685 437
Total current assets	1 354 505	1 029 399
Total assets	8 146 755	6 623 650

	Audited 30 June 2019 R'000	Audited 30 June 2018 R'000
Equity and Liabilities		
Equity		
Share capital	4 651	4 651
Accumulated profits	2 566 518	1 774 220
Equity attributable to equity holders of the parent	2 571 169	1 778 871
Non-controlling interest	2 934	929
Total equity	2 574 103	1 779 800
Non-current liabilities		
Interest bearing liabilities	2 338 648	2 176 595
Deferred taxation	771 436	571 726
Share-based payments	1 027	-
Total non-current liabilities	3 111 111	2 748 321
Current liabilities		
Trade and other payables	1 028 943	895 075
Unutilised ticket liability	286 111	312 244
Provisions	98 396	134 807
Interest-bearing liabilities	1 046 764	741 896
Taxation	1 327	1 619
Share-based payments	-	9 888
Total current liabilities	2 461 541	2 095 529
Total liabilities	5 572 652	4 843 850
Total equity and liabilities	8 146 755	6 623 650
Net asset value per share (cents)	553.5	382.7

Condensed Consolidated Statement of Cash Flows

	Audited 30 June 2019 R'000	Audited 30 June 2018 R'000
Cash generated from operating activities		
Cash generated from operations	1 112 982	1 172 829
Interest paid	(273 481)	(255 847)
Interest received	21 158	36 611
Taxation paid	(7 127)	(7 308)
Net cash from operating activities	853 532	946 285
Cash utilised in investing activities		
Additions to property, plant and equipment	(590 212)	(706 364)
Proceeds on disposal of property, plant and equipment	12 278	8 836
Additions to intangible assets	(25 584)	(8 795)
Pre-delivery payments	(89 485)	(219 714)
Business combinations, net of cash acquired	(10 832)	(1 300)
Dividend received	2 600	5 630
Net cash from investing activities	(701 235)	(921 707)
Cash utilised in financing activities		
Raising of interest-bearing liabilities	257 685	240 989
Repayment of interest-bearing liabilities	(456 709)	(426 515)
Dividends paid	(102 506)	(88 528)
Net cash from financing activities	(301 530)	(274 054)
Total cash movement for the year	(149 233)	(249 476)
Cash and cash equivalents at the beginning of the year	685 437	934 913
Cash and cash equivalents at the end of the year	536 204	685 437

Condensed Consolidated Statement of Changes in Equity

	Audited 30 June 2019 R'000	Audited 30 June 2018 R'000
Opening balance	1 779 800	1 542 717
Total comprehensive income for the year	896 809	325 611
Dividend paid	(102 506)	(88 528)
	2 574 103	1 779 800

Condensed Consolidated Segmental Report

Audited – 30 June 2019	Airline R'000	Tourism and Hospitality R'000	Other non-airline R'000	Other R'000	Total R'000
Revenue	6 700 872	409 160	67 302	(51 692)	7 125 642
Operating expenses	(5 980 185)	(290 877)	(57 357)	64 444	(6 263 975)
Operating profit before depreciation, amortisation, property rental income, unrealised translation loss on dollar denominated loan, impairments and profit on sale of assets	720 687	118 283	9 945	12 752	861 667
Depreciation and amortisation	(518 770)	(29 248)	(10 061)	-	(558 079)
Property rental income	-	-	18 681	(12 752)	5 929
Impairment of goodwill	(28 989)	-	-	-	(28 989)
Unrealised translation loss on dollar denominated loan	(5 986)	-	-	-	(5 986)
Profit on sale of assets	9 264	-	-	-	9 264
Profit from operations	176 206	89 035	18 565	-	283 806
Court awarded settlement	1 276 866	-	-	-	1 276 866
IFRS 9 loss allowance on court awarded settlement	(284 857)	-	-	-	(284 857)
Remeasurement of contingent consideration on business combination	17 434	-	-	-	17 434
Interest income	35 961	25 010	113	(14 756)	46 328
Interest expense	(264 507)	-	(7 021)	14 754	(256 774)
Income from equity accounted investments	-	5 695	14 754	-	20 449
Profit before taxation	957 103	119 740	26 411	(2)	1 103 252
Segmental assets and liabilities					
Segmental assets	7 777 017	549 071	328 774	(508 107)	8 146 755
Segmental interest-bearing liabilities	(3 295 726)	-	(89 686)	-	(3 385 412)
Other segmental liabilities	(2 304 082)	(224 747)	(167 891)	509 480	(2 187 240)
Segmental net asset value	2 177 209	324 324	71 197	1 373	2 574 103
Segmental capital additions	1 055 035	6 999	34 705	-	1 096 739

Audited – 30 June 2018 (Restated*)	Airline R'000	Tourism and Hospitality R'000	Other non-airline R'000	Other R'000	Total R'000
Revenue	6 211 505	306 434	70 043	(51 442)	6 536 540
Operating expenses	(5 243 433)	(181 649)	(39 112)	51 442	(5 412 752)
Operating profit before depreciation, amortisation, unrealised translation loss on dollar denominated loan, impairments and profit on sale of assets	968 072	124 785	30 931	-	1 123 788
Depreciation and amortisation	(416 439)	(20 879)	(5 919)	-	(443 237)
Unrealised translation loss on dollar denominated loan	(12 056)	-	-	-	(12 056)
Profit on sale of assets	1 656	-	429	-	2 085
Profit from operations	541 233	103 906	25 441	-	670 580
Gain on remeasurement of non-current assets held for sale	12	-	-	-	12
Interest income	18 329	17 680	602	-	36 611
Interest expense	(248 741)	-	(197)	-	(248 938)
Income from equity accounted investments	-	7 490	5 489	-	12 979
Profit before taxation	310 833	129 076	31 335	-	471 244
Segmental assets and liabilities					
Segmental assets	6 145 831	499 623	314 448	(336 252)	6 623 650
Segmental interest-bearing liabilities	(2 918 491)	-	-	-	(2 918 491)
Other segmental liabilities	(1 900 215)	(179 126)	(177 026)	331 008	(1 925 359)
Segmental net asset value	1 327 125	320 497	137 422	(5 244)	1 779 800
Segmental capital additions	789 737	41 642	76 493	-	907 872

* In 2019 the Tourism and Hospitality segment was created as a stand-alone reportable segment and head office assets were included in airline. The comparative information has been restated to reflect this change.

Revenue from Contracts with Customers

The company disaggregates revenue from customers as follows:

	Audited 30 June 2019 R'000	Audited 30 June 2018 R'000
Flight revenue	6 669 626	6 172 897
Rendering of services	384 470	285 553
- Lounges and Catering	327 050	234 069
- Simulators and other training	57 420	46 398
- Property rental income*	-	5 086
Commissions received	62 108	65 265
- Travel agency commissions	61 942	64 304
- Airline commissions	166	961
Other	9 438	12 825
	7 125 642	6 536 540

* Due to the adoption of IFRS 15 the property rental income was moved out of revenue as the amount is no longer revenue as defined. Refer to the Statement of Profit or Loss for details of current year rental income.

BUSINESS COMBINATIONS

On 1 July 2018, the Group acquired 100% of the share capital of the leadership development consultancy company Metaco Holdings Proprietary Limited and its subsidiary, Metaco Coaching, Consulting and Training 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 was 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 was calculated based on Management's best estimate of the projected profits for the performance guarantee period at the effective date. The liability is categorised under level 3 in the fair value hierarchy.

The acquired business contributed revenue of R3.8 million and a net loss after tax of R3.8 million to the Group since acquisition.

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

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 Interim Results for the period ended 31 December 2018.

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

	Audited 30 June 2019 R'000
Fair value of net assets	1 306
Goodwill	28 989
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)

Metaco is a service business providing leadership development consulting services. For this reason the value is seen to lie in the skill and experience of the trainers and the training methodologies employed. The entity was acquired to provide synergies within the Group as part of the Group's overall strategy for diversification. For this reason, the excess of the purchase price was allocated to goodwill.

As disclosed in the subsequent events note, the Group has decided to disinvest from this investment after year end.

SIGNIFICANT COMMITMENTS

Comair made pre-delivery payments of R239 million in the current year (prior year: R368 million), in addition to R234 million in preceding years, towards the delivery of eight B737-8 MAX aircraft, due for delivery between 2019 and 2022.

The Group had a remaining commitment to Boeing of R5.2 billion at year end (prior year R5.5 billion) in respect of the B737-8 MAX order, the funding options of which will be finalised closer to the time of delivery. Pre-delivery payment finance has been mandated to Investec Bank.

BASIS OF PREPARATION

The accounting policies and method of measurement and recognition applied in the preparation of these condensed consolidated financial results are in terms of International Financial Reporting Standards ("IFRS"). At the beginning of the year, 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 at this date and therefore no transition adjustments have been processed. Other than the adopted standards above, the accounting policies and method of measurement and recognition are consistent with those applied in the Audited Annual Financial Statements for the previous year, ended 30 June 2018. The Condensed Consolidated Financial Statements are prepared in accordance with the requirements of the JSE Listings Requirements and the requirements of the Companies Act of South Africa. The condensed consolidated financial results are presented in terms of the minimum disclosure requirements set out in International Accounting Standards ("IAS") 34 – Interim Financial Reporting, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. These condensed consolidated financial results have been prepared by Ryan de Miranda CA(SA), under the supervision of Kirsten King CA(SA), the Financial Director. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Group's external auditor.

SUBSEQUENT EVENTS

Subsequent to year-end, steps have been taken to disinvest from the Group's poorly performing acquisition, namely Metaco Holdings Proprietary and its subsidiary Metaco Coaching, Consulting and Training Proprietary Limited. As such the Group has impaired R29 million in goodwill at year-end in addition to a fair value adjustment on the contingent consideration amounting to R17.4 million, as the conditions for the payment of future contingent consideration amounts can no longer be met.

Comair is in the process of acquiring 100% of the issued share capital of Star Air Cargo Proprietary Limited and Star Air Maintenance Proprietary Limited. Star Air Cargo specialises in the wet, dry or damp leasing on short- to medium-term leases to airlines in Africa; with Star Air Maintenance providing the maintenance requirements for its own fleet as well as for third party aircraft.

The transaction is still subject to approval by the Competition Authorities as a condition precedent to the transaction which must still be fulfilled in order for it to take effect.

The purchase consideration is R75 million plus profit share payments but capped at R250 million. The R75 million is due to be paid as follows:

- R30 million within five business days of the fulfilment of all Conditions Precedent;
- R22.5 million on the first anniversary of the Completion Date subject to the aggregate net profit after tax of Star Air Maintenance and Star Air Cargo, as determined by their auditors, being positive for the twelve months preceding 30 June 2020 as stated in their annual financial statements, failing which none of the R22.5 million is payable; and
- R22.5 million on the second anniversary of the Completion Date, subject to the aggregate net profit after tax of Star Air Maintenance and Star Air Cargo, as determined by their auditors, being positive for the twelve months preceding 30 June 2021 as stated in their annual financial statements, failing which none of the R22.5 million is payable.

The Company shall also pay the Sellers an amount equal to 83% of the net profit after tax (excluding Comair business) as stated in the annual financial statements of Star Air Cargo and Star Air Maintenance for the financial years commencing after the effective date for a period of three years.

No other matters have occurred between the reporting date and the date of approval of the Financial Statements which would have a material effect on these Financial Statements.

AUDIT OPINION

The auditor, BDO South Africa Inc., [Ben Frey, Audit Partner, Registered Auditor, Chartered Accountant (SA)], has issued an unmodified opinion on the Group's Financial Statements for the year ended 30 June 2019. The audit was conducted in accordance with International Standards on Auditing. A copy of the Auditor's Report, together with a copy of the Audited Financial Statements, is available for inspection at the Company's registered office. These Condensed Consolidated Provisional Audited Financial Statements have been derived from the Group's Annual Financial Statements. The contents of this announcement are extracted from audited information, although the announcement itself is not audited. The Directors of Comair take full responsibility for the preparation of this announcement and confirm that the financial information has been correctly extracted from the underlying audited Annual Financial Statements.

The Auditor's Report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the Auditor's Report together with the accompanying financial information from the issuer's registered office.

By order of the Board

Chairman:
P van Hoven

Joint CEOs:
G Orsmond
WD Stander

16 September 2019

Sponsor:
PSG Capital
Bonaero Park

17 September 2019

IMPORTANT NOTICE TO FOREIGN SHAREHOLDERS AND PROSPECTIVE INVESTORS

Foreign Shareholders and prospective investors in Comair Limited ("Comair") should note that, in order to enable Comair (as a licensed air services operator in South Africa) to remain compliant with the foreign ownership restriction contained in Sections 16(4)(c) and 19(a) of the Air Services Licensing Act, No. 115 of 1990, the voting rights of foreign Shareholders may be decreased proportionately such that the voting rights of foreign Shareholders do not, in aggregate, exceed 24.99%. Foreign Shareholders and prospective investors are referred to the Comair's Memorandum of Incorporation and website (www.comair.co.za) for further details. If foreign Shareholders or prospective investors are in any doubt as to what action to take they should seek advice from their broker, attorney or other professional adviser.

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