

CORPORATE INFORMATION

Non-executive directors:

S M Twala (*Chairman*)*; T R Matsinhe*; G L Wishart; M L Sinclair (*Alternative*); Blacky Komani

**Independent non-executive director*

Executive directors:

G W Ormond (*Chief Executive Officer*); R L James; M J Kaminski; Busiwe Maqungo

Company secretary: Merchantec Capital

Transfer secretaries: Computershare Investor Services (Proprietary) Limited

Sponsor: Merchantec Capital

Auditors: SAB&T Chartered Accountants

Registered address: 16 – 18 Quality Road, Isando

Postal address: PO Box 7110, Bonaero Park, 1622

Telephone: 011 086 8100

Facsimile: 0866 492 712

Website: www.1timeholdings.co.za

(Incorporated in the Republic of South Africa)

(Registration Number: 1999/017536/06)

Share Code: 1TM

ISIN Code: ZAE000102026

("1time" or "the Group")



1time Holdings Limited
*Reviewed results for the interim
period ended 30 June 2011*

COMMENTARY

PERFORMANCE REVIEW

The Group achieved disappointing interim results for the six months to 30 June 2011 with an attributable headline loss of R21,3 million compared to the R14,8 million attributable headline earnings for the same period last year. Group revenue was flat at R654 million for the period.

The losses are largely attributed to 1time airline (Proprietary) Limited ("the airline") which incurred increases in fuel prices, increased airport charges and poor passenger demand during May and June. The aircraft maintenance business turnaround is on track achieving close to breakeven for the period.

Total balance sheet debt has been reduced and net working capital improved by R61 million since the beginning of the year following the Safair Technical (Proprietary) Limited ("Safair Technical") debt restructuring transaction in February and the BEE funding transaction completed in March. Cash generated from operations reduced to R4 million compared to the R46,3 million generated for the same period last year.

1TIME AIRLINE

The airline's financial performance was poor for the six months to June incurring a R34,7 million attributable loss compared to the R20,1 million profit earned in the same period last year. Passenger revenue was flat at R565 million. The losses were largely attributed to:

- a 6% passenger decline caused by abnormally poor demand in May and June only partly offset by a 5% yield growth;
- airport charges increased by 24% for the period resulting in a R12 million increase in airport costs; and
- average Rand fuel prices increased by 28% for the period increasing fuel costs by R56,5 million for the period.

The 70% increase in Airports Company South Africa ("ACSA") passenger taxes from 1 October 2011 is a major concern and is expected to materially impact passenger volumes in the second half. Exorbitant airport taxes will continue to constrain tourism and business growth particularly in SADC countries.

The airline has performed well operationally and we are pleased that ACSA has agreed to publish all airlines' monthly on-time performance based on actual performance. For July 2011 the airline achieved 90% on-time performance, the best of the low cost airlines. The first African MD80 flight simulator based at OR Tambo has been certified and is operational. This will result in training cost savings for the airline.

The airline has plans to expand capacity including the introduction of Lanseria air services in the last quarter of 2011 to provide our customers with a greater choice of destinations and affordable airfares.

The Maputo route was discontinued effective 31 August 2011 due to high airport taxes and inadequate frequencies to satisfy the needs of the business market. The airline is exploring opportunities in various other African destinations.

AIRCRAFT FLEET

The airline aircraft fleet renewal plan is currently in progress and the Group expects to announce aircraft fleet changes during 2012 to ensure that the airline maintains its position as the lowest cost operator in the domestic industry.

SAFAIR TECHNICAL

The turnaround strategy at Safair Technical is achieving success. Attributable losses have been reduced from R22,6 million in the preceding year to R1,4 million for the six months to June 2011.

Total revenue increased marginally to R139 million on higher third party demand. Significant fixed

cost savings have been achieved without impacting revenue capacity.

Further revenue growth and cost savings are expected in the second half of 2011.

SAFAIR TECHNICAL RESTRUCTURING

The Safair Technical restructuring has been successfully implemented in accordance with the terms of the Letter of Intent as advised to shareholders in the Subsequent Events note in the 2010 annual report.

In terms of the restructuring agreement Safair Operations (Proprietary) Limited has assumed responsibility for approximately R50 million of Safair Technical debt in exchange for a cession of leasehold improvements and the sale of Lockheed equipment assets of an equivalent value. The transaction reduces Group debt and is earnings enhancing on lower rental and interest costs. In terms of the agreement 1time Holdings Limited acquired 28% of Safair Technical from Safair Operations for R280 on 28 February 2011 to achieve a 100% shareholding.

Rinesh Ramkissoon, previously CEO of South African Airways Technical (Proprietary) Limited and General Manager of Qatar Airways was appointed as CEO during May 2011.

DIVIDEND POLICY

The Board has adopted a dividend policy of a minimum of eight times cover moving into the 2011 financial year. This resulted from the successful BEE transaction, however due to the losses reported for the period, no dividend has been declared.

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed financial statements, which are based on reasonable judgements and estimates, are in accordance with International Financial Reporting Standards ("IFRS") and are consistent with those

applied in the annual financial statements for the year ended 31 December 2010. These reviewed consolidated condensed interim financial statements as set out in this report have been prepared in terms of IAS 34 – Interim Financial Reporting, the Companies Act, 2008 (Act No 71 of 2008), as amended, and the Listings Requirements of JSE Limited.

REVIEW OPINION

The consolidated condensed interim results for the period ended June 2011 have been reviewed by the auditors of 1time, SAB&T Chartered Accountants. Their unqualified review opinion is available for inspection at the offices of 1time Holdings Limited.

SUBSEQUENT EVENTS

The Board is not aware of any material matter or circumstance arising since the end of the interim financial period ended June 2011 up to the date of this report.

PROSPECTS

Prospects for the airline in the second half of the year are expected to improve through higher revenues driven by higher demand in the seasonally stronger second half and the introduction of expanded air services. Yield and demand will be negatively impacted by the increase in airport taxes.

Margins and costs will however be driven by the oil price.

The turnaround strategy in Safair Technical is expected to achieve profitability in the second half through higher revenue and lower costs with strong demand from third party maintenance customers.

By order of the Board

Glenn Orsmond
Group Chief Executive Officer

Sipho Twala
Chairman

5 September 2011

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

| Figures in Rand | Reviewed as at 30 June 2011 | Reviewed as at 30 June 2010 | Audited as at 31 December 2010 |
|---|--------------------------------------|--------------------------------------|---|
| ASSETS | | | |
| Non-current assets | 406 161 123 | 468 861 375 | 473 235 139 |
| Current assets | 164 094 069 | 181 303 222 | 169 167 094 |
| Non-current assets held for sale | – | 21 565 250 | 6 653 100 |
| Total assets | 570 255 192 | 671 729 847 | 649 055 333 |
| EQUITY AND LIABILITIES | | | |
| Capital and reserves | 163 926 903 | 176 949 244 | 150 787 188 |
| Non-current liabilities | 71 626 171 | 120 392 769 | 64 758 407 |
| Deferred taxation | 16 566 689 | 37 857 262 | 49 224 679 |
| Current liabilities | 318 135 429 | 336 530 572 | 384 285 059 |
| Total equity and liabilities | 570 255 192 | 671 729 847 | 649 055 333 |
| Net asset value per share (cents) | 58,5 | 84,3 | 71,8 |
| Net tangible asset value per share (cents) | 56,5 | 76,0 | 69,7 |

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

| Figures in Rand | Reviewed six months ended 30 June 2011 | Reviewed six months ended 30 June 2010 | Audited year ended 31 December 2010 |
|--|--|--|--|
| (Loss)/profit after tax | (33 928 575) | 10 233 720 | (11 100 430) |
| Other comprehensive income: | | | |
| Net (loss)/gain in aircraft revaluations | – | 793 193 | (4 034 711) |
| Total comprehensive (loss)/income | (33 928 575) | 11 026 913 | (15 135 141) |
| Total comprehensive (loss)/profit attributable to: | | | |
| Non-controlling interest | (1 282) | (2 989 634) | (12 264 651) |
| Owners of the parent | (33 927 293) | 14 016 547 | (2 870 490) |
| | (33 928 575) | 11 026 913 | (15 135 141) |

CONSOLIDATED CONDENSED INCOME STATEMENT

| Figures in Rand | Reviewed six months ended 30 June 2011 | Reviewed six months ended 30 June 2010 | Audited year ended 31 December 2010 |
|---|--|--|--|
| Gross revenue | 654 009 387 | 648 457 498 | 1 308 244 783 |
| Operating costs | (648 505 074) | (590 449 465) | (1 194 177 220) |
| Earnings before interest, tax and depreciation | 5 504 313 | 58 008 033 | 114 067 563 |
| Depreciation | (24 173 407) | (27 207 972) | (54 917 991) |
| Impairment | (2 064 392) | (3 173 106) | (49 558 877) |
| (Loss)/profit on sale of asset | (14 735 077) | 1 866 940 | 1 049 893 |
| Foreign exchange difference | (83 732) | (852 120) | 11 068 500 |
| Operating (loss)/profit | (35 552 294) | 28 641 775 | 21 709 088 |
| Finance costs | (15 596 672) | (17 636 413) | (36 065 558) |
| Investment income | 1 904 098 | 2 625 951 | 3 509 229 |
| (Loss)/profit before taxation | (49 244 868) | 13 631 313 | (10 847 241) |
| Taxation | 15 316 293 | (3 397 593) | (253 189) |
| (Loss)/profit after taxation | (33 928 575) | 10 233 720 | (11 100 430) |
| Non-controlling interest | 1 282 | 2 989 634 | 12 264 651 |
| (Loss)/profit attributable to owners of the parent | (33 927 293) | 13 223 354 | 1 164 221 |
| RECONCILIATION TO HEADLINE EARNINGS | | | |
| (Loss)/profit attributable to ordinary shareholders | (33 927 293) | 13 223 354 | 1 164 221 |
| Impairment of assets | 2 064 392 | 3 173 106 | 46 079 941 |
| Profit/(loss) on sale of asset | 10 609 255 | (1 605 568) | (902 908) |
| Headline (loss)/earnings attributable to ordinary shareholders | (21 253 645) | 14 790 892 | 46 341 254 |
| Weighted average number of shares | 256 666 667 | 210 000 000 | 210 000 000 |
| Headline (loss)/earnings per share (cents) | (8,3) | 7,0 | 22,1 |
| (Loss)/earnings per share (cents) | (13,2) | 6,3 | 0,6 |
| Earnings/(loss) per share | | | |
| (Loss)/profit attributable to ordinary shareholders | (33 927 293) | 13 223 354 | 1 164 221 |
| (Loss)/earnings attributable to ordinary shareholders | (33 927 293) | 13 223 354 | 1 164 221 |

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY

| Figures in Rand | Reviewed six months ended 30 June 2011 | Reviewed six months ended 30 June 2010 | Audited year ended 31 December 2010 |
|---|--|--|--|
| OPENING BALANCE | 150 787 190 | 165 922 331 | 165 922 331 |
| Non-controlling interest at acquisition | – | – | – |
| Shares issued | 47 068 288 | – | – |
| Shares capital issued | 7 000 | – | – |
| Share premium | 47 061 288 | – | – |
| Total comprehensive (loss)/income | (33 928 575) | 11 026 913 | (15 135 142) |
| – Non-controlling interest | (1 282) | (2 989 634) | (12 264 651) |
| – Owners of the parent | (33 927 293) | 14 016 547 | (2 870 491) |
| Purchase of non-controlling interest | – | – | – |
| Shares purchased | 280 | – | – |
| Minority interest | 4 033 812 | – | – |
| Acquisition of 28% shareholding | (4 034 092) | – | – |
| Total | 163 926 903 | 176 949 244 | 150 787 188 |

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS

| Figures in Rand | Reviewed six months ended 30 June 2011 | Reviewed six months ended 30 June 2010 | Audited year ended 31 December 2010 |
|---|--|--|--|
| Cash and cash equivalents at beginning of the period | 24 084 787 | 50 328 677 | 50 328 677 |
| Cash flows from operating activities | (11 557 982) | 30 348 370 | 130 530 506 |
| Cash generated from operations | 4 234 592 | 46 298 530 | 144 461 364 |
| Interest received | 1 904 098 | 2 625 951 | 3 509 229 |
| Interest paid | (15 596 672) | (17 636 413) | (14 180 773) |
| Tax paid | (2 100 000) | (939 698) | (3 259 314) |
| Cash flows from investing activities | (11 011 193) | (39 058 001) | (92 772 160) |
| Cash flows from financing activities | (8 977 451) | (12 707 586) | (64 002 236) |
| Cash and cash equivalents at end of the period | (7 461 839) | 28 911 460 | 24 084 787 |

CONSOLIDATED SEGMENT REPORT

| Figures in Rand | Reviewed six months ended 30 June 2011 | Reviewed six months ended 30 June 2010 | Audited year ended 31 December 2010 |
|--|--|--|--|
| GROSS REVENUE | | | |
| Airline | 565 430 823 | 565 169 536 | 1 147 538 372 |
| Charter | – | 5 747 917 | 8 920 263 |
| Saftech | 139 159 741 | 138 931 609 | 264 861 076 |
| Aeronexus | – | 900 000 | 900 000 |
| Inter-segment revenue | (50 581 177) | (62 291 564) | (113 974 928) |
| Total | 654 009 387 | 648 457 498 | 1 308 244 783 |
| EARNINGS BEFORE DISCLOSABLE ITEMS | | | |
| Airline | (6 990 560) | 62 210 600 | 140 214 113 |
| Charter | 1 016 922 | (497 789) | 1 979 352 |
| Saftech | 16 992 670 | (3 193 953) | (26 420 441) |
| Aeronexus | – | (158 114) | 95 192 |
| Holdings | (3 008 329) | – | – |
| Eliminations | (2 506 391) | (352 711) | (1 800 653) |
| Earnings before disclosable items | 5 504 313 | 58 008 033 | 114 067 563 |
| DISCLOSABLE ITEMS | | | |
| Interest expense | (15 596 672) | (17 636 413) | (36 065 558) |
| Interest received | 1 904 098 | 2 625 951 | 3 509 229 |
| Impairment | (2 064 392) | (3 173 106) | (49 558 877) |
| Foreign exchange differences | (83 732) | (852 120) | 11 068 500 |
| (Loss)/profit on sale of assets | (14 735 077) | 1 866 940 | 1 049 893 |
| Depreciation | (24 173 407) | (27 207 972) | (54 917 991) |
| Taxation | 15 316 293 | (3 397 593) | (253 189) |
| (Loss)/profit after tax | (33 928 575) | 10 233 720 | (11 100 430) |