Comair Limited

Annual Report 2008

unfolding the future

Contents

Chairman and Joint CEOs' Report

The trading environment that we experienced during the second half of the financial year has been the toughest in the history of the industry. The oil price, always a major factor in our performance, reached levels that very few had predicted and now represents over half of our costs. In the past six months more than 30 airlines around the world ceased operations and the International Air Transport Association ("IATA") has predicted that the global airline industry will lose over $6 billion this calendar year. In these circumstances we did well to continue our proud record of 63 years of uninterrupted operating profits. We salute the skilled, committed and energetic Comair team of 1,781 people who delivered these results.

Financial Performance

Our earnings were severely impacted by the exceptionally high oil price, particularly during the second half of the financial year. Top line growth was strong and increased by 21% to R2,7 billion for the year, attributable to volume and yield growth on both our British Airways and kulula brands. The earnings decline of 43%, from R109 million to R62 million, was driven primarily by a R380 million increase in our fuel bill. Cash generation remained strong and allowed significant investment in our new fleet, which delivered much-improved fuel efficiency.

People Development

We made a substantial investment during the year in the most important part of our business – our people. Firstly we completed our 'Think Vision' programme, which is our formula for achieving success through implementing our core values. The formula was developed with input from the entire team and was rolled out in October last year. Our 'Catalyst' award programme was introduced to recognise our stars who exemplify these core values. During the year we also introduced our 'Precious Cargo' employee wellbeing programme which provides our team with ongoing advice and 24 hour assistance on a wide range of issues including health, wealth and personal issues. Our 'On Track' performance management programme was also implemented, with each and every Comair staff member contracting on a personal performance scorecard. And finally we launched our Enhanced Leadership Development programme in partnership with the Gordon Institute of Business Science ("GIBS"), where we identified future leaders of our organisation for a mini MBA style programme.

Our transformation initiatives continued to achieve great success, resulting in us now having a wonderfully diverse team with 60% black employees and 81% from designated groups, which include women and disabled people. The shortage of technical skills and aviation experience does however remain a challenge for the industry.

Brand Performance

The commitment of our people to customer service ensured that even though the overall market did not grow during the year, both our brands grew strongly. Our British Airways brand improved its key metric of 'overall satisfaction with British Airways' from 73% last year to 78% and also performed exceptionally well against other British Airways short-haul services from around the world. During the year we upgraded our Club (business class) product, including a revamp of our meal service. The new high-quality meals have been very well accepted and allowed us to grow our share of the business market. On the kulula side, on our key metric of 'satisfaction with the kulula experience' we achieved a score of 92% in our first full year of the survey. We did however fall short of our on time performance target due to our fleet replacement programme and the changing of maintenance service providers, both of which have now been completed. On baggage delivery we achieved a baggage loss/damage rate of less than 1 bag per 5,000 carried.

Fleet

Our fleet upgrade programme, which was started a couple of years ago, is now almost complete, with most of our flights being undertaken with cost-efficient Boeing 737-300s and 400s. During the year our new aircraft resulted in a fuel saving of more than R21 million. We have been able to achieve a fuel cost saving of 26% relative to the older MD82 aircraft that we were operating, and this has reduced our environmental impact while further improving our cost base. Our line maintenance is now handled by South African Airways Technical ("SAAT"), with our engine overhauls being done by leading international suppliers: Israel Aircraft Industries ("IAI") and Singapore Technology Aerospace ("STAe"). The global shortage of skilled technicians impacted on SAAT during the year and our engineering team is working closely with them to minimise the impact on service levels.

Efficiency Review

Over and above the efficiencies that we have achieved with our new fleet, we initiated a company-wide programme towards the end of our financial year to identify new cost saving opportunities to mitigate the high fuel price environment. Each executive was tasked with identifying efficiency opportunities that would help to extend our sustainable cost advantage in both the premium and low cost segments of our industry. We have identified potential annual cost savings in excess of R100 million thanks to the creativity and commitment of our team.

Flight Safety

Our safety performance for the year was excellent. The benchmark that we set ourselves of less than 0.04 safety-related incidents reported per category per 10,000 flying hours is more stringent than the global benchmark of 0.05 per 10,000 hours. During the year our safety record was well within our benchmark and was our best performance since we commenced benchmarking in 2003. We also successfully renewed our IATA Operational Safety Audit ("IOSA") and IATA Safety Audit Ground Operations ("ISAGO") certification and also performed singularly well in our annual British Airways Safety and South African Civil Aviation Authority audits. We would like to acknowledge our flight crew, technical team and airport operations teams for maintaining an exceptional safety record.

Competitive Environment

Both our British Airways and kulula brands retained their leading positions in the industry with the highest occupancy rates in their market segments. This was achieved despite our main competitor, SAA/Mango, being heavily subsidised by South African taxpayers. Recently, a request was submitted for a further R5,7 billion handout to keep the state-owned airlines afloat. We believe that government does have a critical role to play in our industry: that of an infrastructure provider and safety regulator. However, government ownership of three airlines is not only outdated but also costly to South African taxpayers and destructive to a competitive, free-market environment.

Social Responsibility

Operating in a country that is still very much in its development phase, we continued to invest in a broad range of social projects. During the year we introduced a community greening and environmental programme called 'Project Green' which has already commissioned three greening projects in underprivileged schools in our local areas. We also continued our efforts to uplift poor communities around us with our targeted recruitment and training initiative that has put 60 people in permanent employment with us. Our South African Police Services initiative continues to perform well with over 100 police men and women and their families taking advantage of our subsidised air travel offer each day.

Prospects and Growth Opportunities

We have continued to grow our successful kulula services out of Lanseria airport, where the ease and convenience of the experience has been very well accepted by our business and leisure travellers. Our strong infrastructure and airline expertise has provided opportunities for us to commercially deploy these to the benefit of other African airlines. The progression to Africa of the global trend to privatise loss-making national carriers as well as our government's 'Airlift strategy', to open up flight access in Southern Africa, has provided further scope for us to grow in Africa.

Our new travel business progressed well during the year with the launch of the first on-line travel packages in South Africa. We estimate the size of the travel market in South Africa to be in excess of R50 billion. By leveraging our leading technology and strong brands, we are very well positioned to be a major player in the on-line travel space. We are also, with strong partnerships, extending the kulula brand and on-line platform into the cellular and financial services offerings.

High inflation, a slower economic growth rate and the credit crunch on customer volumes is still unclear. This might be mitigated to some extent by the build up to the 2010 Soccer World Cup tournament for which we are well positioned. The efficiencies that we have achieved from our new fleet, and that we anticipate from our efficiency drive, will continue to strengthen our position in the industry but could be offset by the crude oil price, rand/dollar exchange rate and uncompetitive behaviour of our state-owned competitors.

Five–Year Review
for the year ended 30 June 2008

	2008 R'000	2007 R'000	2006 R'000	2005 R'000	2004 R'000
Group Income Statement					
Revenue	**2,688,488**	2,211,743	1,973,245	1,713,583	1,474,549
Operating expenses	**2,576,364**	2,041,975	1,840,099	1,602,833	1,433,804
Operating profit before exceptional items	**112,124**	169,768	133,146	110,750	40,745
Aircraft deposit translation loss	**-**	-	-	-	(5,120)
Aircraft deposit write-off	**-**	-	-	-	(24,752)
Aircraft impairment	**-**	-	-	-	(115,106)
Aircraft forward cover exchange loss	**-**	-	-	-	(16,658)
Profit/(loss) from operations before taxation	**112,124**	169,768	133,146	110,750	(120,891)
Net investment expense	**(8,626)**	(12,292)	(17,272)	(12,144)	(15,257)
Profit/(loss) from ordinary activities before taxation	**103,498**	157,476	115,874	98,606	(136,148)
Taxation	**(41,695)**	(48,313)	(37,074)	(25,863)	39,448
Profit/(loss) for the year	**61,803**	109,163	78,800	72,743	(96,700)
Group Balance Sheet as at 30 June					
Assets					
Property, plant and equipment	**866,750**	676,029	503,455	419,894	343,927
Available-for-sale investments	**110,160**	88,740	67,320	45,900	-
Deferred taxation	**-**	-	-	6,094	31,435
Current assets	**465,519**	379,516	488,777	335,945	316,639
	1,442,429	1,144,285	1,059,552	807,833	692,001
Equity and liabilities					
Share capital and reserves	**459,942**	425,531	368,061	308,274	234,236
Interest-bearing liabilities	**360,333**	259,952	296,281	177,740	190,787
Deferred taxation	**44,717**	20,766	5,128	-	-
Current liabilities	**577,437**	438,036	390,082	321,819	266,978
	1,442,429	1,144,285	1,059,552	807,833	692,001
Salient features					
Operating margin (%)	**4.2**	7.7	6.7	6.5	2.8
Earnings margin (%)	**2.3**	4.9	4.0	4.2	(6.6)
Earnings per share (cents)	**15.4**	27.3	19.7	18.2	(24.2)
Headline earnings per share (cents)	**15.4**	25.2	19.7	16.4	12.1
Dividends per share declared (cents)	**-**	9.0	7.0	7.0	2.0
Weighted ordinary shares issued ('000)	**400,740**	399,517	399,412	399,441	399,431
Weighted ordinary shares in issue	**420,000**	420,000	420,000	420,000	420,000
Adjustment in respect of consolidation of share trust	**(19,260)**	(20,483)	(20,588)	(20,559)	(20,569)

Note: Results for 2004 have not been changed for IFRS.

Group Value Added Statement
for the year ended 30 June 2008

	2008 R'000	%	2007 R'000	%
Wealth Created				
Group revenue	**2,688,488**		2,211,743	
Cost of materials and services	**(2,167,701)**		(1,668,821)	
Value added	**520,787**		542,922	
Interest income	**22,454**		19,574	
Total value added	**543,241**		562,496	
Wealth Distributed				
Employees				
Salaries, wages and related benefits	**333,259**	61	297,860	53
Providers of capital				
Interest on loans	**37,668**	7	35,145	6
Dividends paid to shareholders	**36,067**	7	27,959	5
Government				
Taxation expense	**7,654**	1	33,187	6
Re-invest in the group	**128,593**	24	168,345	30
Depreciation	**102,857**		87,141	
Retained income	**25,736**		81,204	
	543,241	100	562,496	100

All 'grown up'

& looking back on things, we've taken a few important steps to make kulula a bit more efficient & of course, fun.

It helps we have a team of

1,700 fantastic people

doing their part to ensure a memorable kulula experience,

as well as a new fleet of more economical and environmentally friendly planes.

During our short history, we've expanded our travel business to the point that we now rent out more than **1 200 vehicles every day**. With our recently launched jetsetters loyalty club, we've already got over

40 000 members who have jumped onboard to earn kulula moolah toward free flights – including

4000 of our kulula card holders already earning and burning.

And in keeping with our mission to provide the easiest way to book and pay for affordable travel, we've successfully encouraged more **South Africans to fly** and now take a short holiday with our **all- inclusive holiday packages**.

So lets just say, **we've got a lot to be proud of!**

kulula.com

Corporate Governance

Introduction

Corporate governance is the ethical framework of business philosophy. This is evidenced throughout Comair, where integrity, professionalism and corporate citizenship are entrenched within the Company's values.

Under the stewardship of the Board, an open governance process is managed, through which stakeholders may derive assurance that the Company is being managed in an ethical and disciplined manner according to risk parameters based on the principles of transparency, accountability, responsibility and fairness.

Statement of Compliance

The Board is of the opinion that it has, other than as set out below, complied throughout the financial year under review in all material aspects with the principles of the King II and the provisions as set out in the Listings Requirements of JSE Limited ("JSE"). To the best of its knowledge and belief, areas of non-compliance are as follows:

- While the Chairman of the Board is a Non-executive Director, he is not considered to be independent.
- Executive Directors have no fixed-term contracts of employment. Notwithstanding same, one-third of the Directors are required to retire by rotation every year and if eligible are considered for re-appointment at the Company's Annual General Meeting.
- The Chairman of the Nominations Committee is not the Chairman of the Board.

Code of Ethics

The Company has a strong culture of entrenched values, which forms the cornerstone of expected behaviour of the Company towards its stakeholders. These values are embodied in a written document known as the Company Code of Ethics. The Code is continually evaluated and updated and commits Directors and employees to the highest standards of behaviour when dealing with stakeholders, both internal and external.

Financial Reporting and Going Concern

The Directors are responsible for the preparation of the annual financial statements in a manner that fairly and accurately represents the state of affairs and results of the Company. The Directors are responsible for adopting sound accounting practices, maintaining adequate accounting records and ensuring an effective system of internal controls and for safeguarding of assets. The financial statements of the Company have been prepared on the "Going Concern" basis and the Board is of the view that the Company has adequate resources to continue operating for the foreseeable future.

Board of Directors

The Company has a unitary board structure. The composition of the Board of the Company is set out on pages 20-21. The roles of the Chairman and the Joint Chief Executive Officers, ("CEOs") are separate. The Non-executive Directors, with a strong independent element, are of sufficient number to ensure that no single individual has unfettered power of decision-making and authority. As at 30 June 2008, the Board comprised of four Independent Non-executive Directors, six Non-independent Non-executive Directors and four Executive Directors as defined in the Listings Requirements of the JSE.

The Board is considered to be appropriately skilled with regard to their responsibilities and the activities of the Company. The skills and experience profiles of the Board members are regularly reviewed, to ensure an appropriate and relevant Board composition.

The Board retains full and effective control of the Company and is accountable and responsible for the performance and affairs of the Company. The Board is accountable to all Comair stakeholders for exercising leadership, integrity and judgment in pursuit of the strategic goals and objectives of the Company. The Board's primary functions include, amongst others:

- Determining and providing strategic direction to the Company.
- Adoption of strategic plans and ensuring that same, through the Executive Directors, are communicated to the applicable management levels.
- Approving the annual business plan and budget compiled by management.
- Approving the Company's financial statements and interim reports.
- Appointing the Managing Director or CEOs and ensuring that succession is planned.
- Evaluating the viability of the Company on a "Going Concern" basis.
- Identifying and continually reviewing key risks as well as the mitigation thereof by management.
- Approving of major capital expenditure and significant acquisitions and disposals.
- Monitoring non-financial aspects pertaining to the business of the Company.
- Settle principles for recommending the use of external auditors for non-audit services.

The CEOs, who report to the Board, are responsible for the running of the day-to-day business of the Company and for the implementation of policies and strategies adopted by the Board. The Executive Directors and Executive Managers of the Company's various business units and subsidiaries assist them in this task.

The Company Secretary is responsible for providing the Board collectively, and each Director individually, with guidance on the discharge of their responsibilities in terms of the legislation and regulatory requirements of the Republic of South Africa. The Directors of the Company keep the Company Secretary advised of all their dealings in securities. The Company Secretary monitors that the Directors receive approval from the Chairman or a designated Director, for any dealings in securities and ensures adherence to closed periods for share trading. The Directors have unlimited access to the services of the Company Secretary.

The Board has created an Audit and Risk Management Committee, a Nominations Committee and a Remuneration Committee, as set out below, to enable the Board to properly discharge its duties and responsibilities and to effectively fulfil its decision making process. The Board and its Committees are supplied with relevant and timely information enabling them to discharge their responsibilities.

Board Committees

The Board Committees have specific terms of reference, appropriately skilled members, independent Non-executive Director membership, Executive Directors and Executive Management participation and access to specialist advice when considered necessary.

Audit and Risk Management Committee

The members of this committee are all Non-executive Directors who act independently. All members are financially literate and all possess substantial business and financial expertise. The Committee meets at least two (2) times per year. Both Internal and External Auditors have unrestricted access to the Committee.

The Chairman of the Board, CEOs, Executive Manager Financial, Internal Auditor and External Auditors attend the Audit and Risk Management Committee Meetings by invitation. The Committee held three (3) meetings during the financial year under review.

Composition of Committee and attendance

Membership		Attendance
Chairman:	PJ Welgemoed	3/3
Members:	L Cromwell Griffiths *(resigned 11 February 2008)*	2/3
	KI Mampeule	2/3
	WD Stander *(appointed 18 June 2008)*	0/3

The Committee, amongst other things, identifies and evaluates exposure to financial risk, the adequacy of internal controls and provides effective communication between Directors, management and the Internal and External Auditors.

The main responsibilities of the Audit and Risk Committee are, amongst others, to:

- Review and recommend to the Board for approval the Company's annual report, interim reports and results announcement.
- Review and evaluate the effectiveness and performance of the External Auditors as well as the scope, adequacy and costs of audits to be performed.
- Evaluate and approve the External Auditors' plans, findings and reports.
- Review, evaluate and approve the activities, scope, adequacy and effectiveness of the Company risk management functions.
- Evaluate the effectiveness of the internal auditing function, including its activities, scope and adequacy and receive and approve the internal audit plan, internal audit reports and material changes to same.
- Evaluate procedures and systems, including but not limited to, internal controls, disclosure controls and the internal audit function.
- Monitor the ethical conduct of the Company and Group.
- Recommend principles for the use of external auditors for non-audit services.

Nominations Committee

The members of this Committee, which members also serve on the Remuneration Committee, are all Non-executive Directors who act independently.

This Committee, as well as the Remuneration Committee, considers the issue of succession planning at Executive Directors and Executive Management level. The CEOs, in consultation with the Board Chairperson, Remuneration and Nominations Committee, are responsible for ensuring that an adequate succession plan is in place.

The Committee met once during the financial year under review. The composition of the Committee and attendance at meetings are set out below:

Composition of Committee and attendance

Membership		Attendance
Chairman:	JM Kahn	1/1
Members:	RC Sacks	0/1
	L Cromwell Griffiths *(resigned 11 February 2008)*	0/1
	AK Buchanan *(appointed 9 June 2008)*	1/1

Amongst others, the main responsibilities of the Nomination Committee are to:

- Make recommendations on the appointment of new Executive and Non-executive Directors.
- Make recommendations on the composition of the Board generally and the balance between Executive and Non-executive Directors.
- Review plans for succession and ensure their adequacy, for the Chairperson, Managing Director or with effect from 1 July 2006 the CEOs and Executive Directors.
- Review the Board structure, size and composition and make recommendations with regard to any adjustments deemed necessary.
- Ensure that formal Board appointment policies and procedures are followed and that such appointment policies and procedures are reviewed and updated when necessary.

Remuneration Committee

The members of this Committee, which members also serve and act as the Nominations Committee, are all Non-executive Directors who act independently. The CEOs attend meetings by invitation only and are not entitled to vote. The CEOs do not participate in discussions regarding their own remuneration. The Committee met once during the financial year under review. The composition of the committee and attendance at meetings is set out below.

Composition of Committee and attendance

Membership		Attendance
Chairman:	JM Kahn	1/1
Members:	L Cromwell Griffiths *(resigned 11 February 2008)*	0/1
	RC Sacks	0/1
	AK Buchanan *(appointed 9 June 2008)*	1/1

The remuneration policy and the execution thereof is the responsibility of the Remuneration Committee. Non-executive Directors qualify for an annual Director's fee. The fee is augmented for services as Chairperson on any of the Committees. These fees are reviewed annually. One of the Company's aims is to attract and retain competent and committed executive employees where performance needs to be recognised and encouraged. Remuneration is reviewed at appropriate intervals to motivate employees to perform to the required standards and is linked to the Company's and individual's performance. The fees for Non-executive Directors and the remuneration packages for Executive Directors are disclosed on page 22.

Amongst other things, the main responsibilities of the Remuneration Committee are to:

- Determine the Company's general policy on remuneration as well as specific policies in respect of Executive Directors remuneration.
- Review and determine remuneration packages for Executive Directors and Executive Management including but not limited to basic salary, annual bonuses, benefits, performance based incentives and share incentive scheme awards.
- Review the Company's Code of Ethics.
- Annually review the general level of remuneration for Directors of the Board as well as its committees and recommend proposals in this respect for approval by shareholders at general meetings.
- Make recommendations in respect of awards from the Comair Share Incentive Scheme.
- Review employment equity and skills development plans.

Discharge of Responsibilities

The Board is of the view that the Committees have discharged their responsibilities for the financial year under review in compliance with their terms of reference.

Risk Management

Effective risk management is critical to the Company's operations. The Company therefore follows a comprehensive Risk Management process, which involves identifying, understanding and managing the risks associated with its various businesses. As the Company, through its various business units, is exposed to a wide range of risks, some of which may have serious consequences, the identification of risk and its management forms part of Executive Management's business plan. Executive Management meets at least four (4) times per year to assess and consider the risks associated with the Company's operations. The Audit and Risk Committee also reviews the risk management process.

Internal Control

The Board has the responsibility of ensuring that the Company implements and monitors the effectiveness of its systems of internal control. The identification of risk and the implementation and monitoring of adequate systems of internal control to manage both financial and operational risk are delegated to the Internal Auditor, who in turn makes recommendations to Executive Management as well as to the Audit and Risk Management Committee.

While all internal control systems do have inherent shortcomings, the Company's internal control system is designed to provide reasonable assurances as to the reliability of financial information and in particular the financial statements, as well as to safeguard, verify and maintain accountability of its assets and to detect fraud and potential liability, while complying with applicable laws and regulations.

The Company's External Auditors consider the internal control systems of the Company as part of their audit and advise of deficiencies when identified.

Internal Audit

The internal audit function is an independent appraisal mechanism which evaluates, amongst other things, the Company and Group's internal control procedures, disclosure procedures and information and information systems, so as to ensure that these function effectively.

External Audit

The independence of the External Auditors is recognised. The Audit and Risk Committee meets with the External Auditors to review the scope for the external audit, and any other audit matters that may arise. The External Auditors attend Audit and Risk Committee Meetings and have unrestricted access to the Chairman of the Committee.

Relations with Shareholders

The Company endeavours to maintain dialogue with its shareholders and other interested parties. The Company also meets with its institutional shareholders twice a year, after the release of its annual and interim results. The Company's website (www.comair.co.za) contains the latest, as well as historical, financial and other information about the Company, including the Company's financial reports. The Board encourages shareholders to attend its Annual General Meeting, notice of which is contained in this Annual Report, at which shareholders have the opportunity to put questions to the Board.

Black Economic Empowerment

The Company has recognised the importance of implementing a Broad-based Black Economic Empowerment ("BBBEE") programme that addresses the inequality of the past through a dedicated and ongoing process. The Company has maintained specific focus on the further development of its BBBEE programme and has achieved progress in a number of areas and in particular insofar as ownership and skills development are concerned. While the Company has made great progress in addressing some of the significant BBBEE imperatives, it is aware that the task of transformation is by no means complete. The Company is awaiting an updated BBBEE rating from Empowerdex.

From an ownership perspective, the Company concluded a Black Economic Empowerment ("BEE") transaction during the 2007 financial year, pursuant to which shares equivalent to 15% of the Company's post-transaction issued share capital were issued to an empowerment consortium known as the Thelo Aviation Consortium (Proprietary) Limited ("the Thelo Consortium") led by Thelo Aviation Investments (Proprietary) Limited ("Thelo Aviation Investments"). In addition to the above mentioned shares, Thelo Aviation Investments purchased an additional 6,172,550 shares from the Company for cash from certain of its shareholders. This has resulted in Thelo Aviation Investments and the Empowerment Consortium holding in aggregate approximately 16.1% of the Company's issued share capital post the BEE transaction. The Company is of the view that the Thelo Consortium adds value in that:

(a) They bring industry specific experience and a broad based empowerment component to the BEE initiative.
(b) It is well positioned to assist with empowerment initiatives at all levels of the Company's business.
(c) They have committed time and effort to participating in the strategic initiatives of the Company.

In October 2007, Thomson Analytics (Pty) Ltd identified a total direct and indirect BEE shareholding of 21.4% in the Comair shareholder base.

The Board of Directors of the Company is totally committed to the spirit and principles of BBBEE and believes it to be essential for re-addressing past inequities and for growth transformation and normalisation of South African society. The Board of Directors sees the Company as an integral part of the South African political, social and economic community and therefore endorses initiatives that promote the accumulation of human, intellectual and economic capital at all levels of society as a key to the success of South Africa and therefore also the Company.

Apart from the ownership perspective, the Company is of the view that, in order to sustain its business performance into the future, the profile of the Company's employees at all levels need to more accurately reflect the demographics of the country. Employment equity and affirmative action are viewed as business imperatives which are merely guided by legislation. The Company is committed to re-addressing the inequities of the past, identifying and developing talented individuals from designated groups and ultimately ensuring that in all occupational categories it is more representative of the South African population at large.

Over the past year Comair has made continued progress towards its employment equity targets, with black employees increasing from 53% to 60%, and designated staff increasing from 79% to 80% . These percentages include pilots and technicians, professions where the industry is faced with a particular challenge to achieve more equitable representation, exacerbated by prohibitive training costs.

Numerous other initiatives have contributed to Comair's success in moving towards a demographically representative workforce, starting with it being the first South African airline to employ black cabin crew over 25 years ago, and including the following more recent initiatives:

- Over the past 3 years, Comair has run an extremely successful recruitment and training programme, in conjunction with the Harambe Social Development Trust, for previously disadvantaged individuals throughout the East Rand. This programme has resulted in the training and employment of 90 learners for positions throughout the Company.
- Despite minimal discretionary grants from the Transport Education Training Authority ("TETA"), the Company has continued with its cadet pilot training programme, whereby matriculants from designated groups are provided with commercial pilot training, followed by flying jobs to achieve the required hours of experience, before completing Boeing 737 training at Comair's own training facilities. One of the challenges facing the cadet programme is the shortage of interested candidates with the necessary matric qualifications.
- In the past year 29 staff attended the Comair Enhanced Leadership Programme, run in conjunction with the Gordon Institute of Business Science. This mini – MBA type programme helps to prepare these individuals for future management roles in the Company, with focus on affirmative succession planning.
- Comair remains the only airline to provide swimming lessons to all its cabin crew trainees to ensure their success in achieving SA Civil Aviation Authority certification. This has greatly facilitated the successful recruitment of cabin crew from previously disadvantaged backgrounds, while also providing a great team building opportunity in this department.
- Comair has joined the Ikusasa Lami programme (a Gauteng Government skills development initiative) to introduce matriculants to opportunities for training and employment in the airline.
- All Comair policies and processes have been reviewed to ensure continued alignment with the Basic Conditions of Employment Act and the Employment Equity Act.
- The Company's Employment Equity Forum consists of a representative group elected by the employees, and tasked with reviewing progress towards the Employment Equity targets, as well as highlighting concerns raised by employees and relating to Employment Equity.
- At National level, Comair is represented on the TETA with primary and secondary Management Committee members, to assist with the formulation of policy, standards and the achievement of skills development targets.

The Company demographics as at 30 June 2008 were as follows:

Occupational Levels	Designated							Non-designated			Total
	Male			Female				White Male	Foreign Nationals		
	A	C	I	A	C	I	W	W	Male	Female	
Top management	-	-	-	-	-	-	-	2	-	-	2
Senior management	-	-	1	-	-	-	1	7	-	1	10
Professionally qualified and experienced specialists and mid-management	1	1	2	5	3	5	45	145	1	-	208
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	106	45	32	241	119	56	286	167	1	4	1,074
Semi-skilled and discretionary decision making	73	31	19	172	63	54	52	18	-	3	466
Unskilled and defined decision making	1	-	-	18	-	-	-	-	-	-	19
Total Permanent	**181**	**77**	**54**	**436**	**185**	**115**	**384**	**339**	**2**	**8**	**1,781**
Non – permanent employees	3	-	-	-	-	-	-	-	-	-	3
Grand Total	**184**	**77**	**54**	**436**	**185**	**115**	**384**	**339**	**2**	**8**	**1,784**

Environment

The Company is committed to improving its environmental performance and reducing the adverse impact of its activities on the global and local environment. For the airline industry, two key issues are: the local environmental impact of aircraft noise and emissions around airports; and the global climate change effect of carbon dioxide and other aircraft emissions.

Airport impact: a balanced approach

In terms of noise management, the Company supports the International Civil Aviation Organisation's ("ICAO's") recommended 'balanced approach'.

We believe that a similar 'balanced approach', using a combination of instruments, can also be taken to managing local air quality.

Aircraft noise

Annoyance and sleep disturbance are the most commonly reported adverse affects of aircraft noise. The Company considers that the key policy objective should be to reduce or limit the total number of people exposed to high levels of aircraft noise, in order to maintain or improve overall quality of life.

Existing regulation and a long history of voluntary action have already had the impact of internalising external costs of current aircraft noise to a large extent. International standards pertaining to aircraft noise and agreements on phasing out older aircraft have played a major part in this, supported by operating restrictions including the use of airspace, night restrictions and airport ground operations.

The Company, has over the past number of years, implemented a fleet replacement programme and now operates eight (8) Boeing 737-400 aircraft, and nine (9) Boeing 737-300 aircraft and six (6) Boeing 737-200 aircraft. The Boeing 737-200 aircraft are used for ad hoc and charter flights only. Stage 3 noise compliant aircraft will in time replace the Boeing 737-200s as noise abatement regulations are imminent. The new aircraft are not only quieter, but also offer better performance and fuel economy, thus assisting the Company in reducing exposure to fuel price fluctuations and noise.

Further environmental benefits include reduced noise on takeoff and landing, decreased engine emissions in flight and reduced engine maintenance requirements.

Safety and security

A strong culture of safety and security exists within the Company, which is supported by well-defined reporting; and management processes that ensure any issues are dealt with thoroughly and effectively.

The safety and security of our staff and customers remains a number one priority and safety standards remain paramount. The Company once again underwent an IATA Operational Safety Audit ("IOSA") and once again achieved IOSA registration after passing the required bi-annual audit in May 2008. The safety management risk matrix of 0,5 incidents per 10,000 (ten thousand) flying hours (internationally accepted standard) was reduced to 0,4 incidents per 10,000 (ten thousand) flying hours. These targets have consistently been achieved by the Company. The Company again received extremely favourable audit ratings from both the British Airways PLC and the South African Civil Aviation Authority.

Health and safety

The Company pays due regard to the health and safety of employees and strives to provide employees with a clean and safe working environment and maintains reporting and notification systems. The Company is fully compliant with the Occupational Health and Safety Act.

Safety incidents and damage are reported through the safety management system. A formal structure exists to allow safety issues to be addressed within each department. The Company has an open reporting culture and encourages the reporting of all incidents.

Social Performance

Investing in our people

Personnel are the most important assets of the Company and focus is maintained on the attraction, retention and development of the best employees. Emphasis is placed on leadership training and development at all levels within the Company.

In this regard the Company this year undertook a number of initiatives specifically tailored towards these foci.

The first project to be completed was the Think Vision programme which entailed the representation of the Company's core values depicted in a formula for success whose principles now form the basis of how the Company will continue to achieve success. Every member of the Comair team was involved in developing this strategic tool that is now embraced and incorporated into all new initiatives and the daily functioning of the Company.

Following this, the Catalyst award programme was launched to regularly recognise exceptional Comair staff members who have excelled in upholding the core values in the Comair formula for success.

Also introduced this year was the Precious Cargo employee wellbeing and assistance programme that provides every staff member 24 hour access to a helpline managed by professionals offering advice and support on issues ranging from health, wealth, legal and personal issues.

A structured performance management programme called On Track was implemented recently where every staff member has a personal performance scorecard that is weighted on various principles in the Comair formula for success.

As part of the Company's succession planning, an Enhanced Leadership Development Programme was launched in conjunction with the Gordon Institute of Business Science ("GIBS") underwritten by the University of Pretoria. In this programme the Company's potential future leaders were identified and have undertaken courses covering several key areas of business management in a mini-MBA styled study programme. 93% of the candidates in this programme are from designated groups.

In other areas of skills development, the Company spends well in excess of 5% of its payroll on extensive training and development of its staff, ensuring that the highest standards of safety and service are maintained. This year 1,327 people underwent training of whom 60% were black and 42% were black females.

Comair continues with its Cadet Pilot Training Programme in an effort to address the shortage of technical skills in the aviation industry. The Company also continues to conduct customer service and cabin crew learnerships having trained 90 school leavers since 2006 and employed 60 of these promising young adults. Most of these individuals have come from the Reiger Park, Ekurhuleni community.

Comair's commitment to transformation continues, with the Company's Employment Equity ("EE") forum consulting regularly with management and 860 staff members undergoing EE training this year.

The Company's stability and its success to date can largely be ascribed to its people. The Company's Management Team is a group of experienced and highly skilled airline professionals who are dedicated to running a successful operation.

Our customers

To better understand customers' needs, Comair conducts monthly onboard research to randomly selected customers, to gain insight into the service offering on both airlines, and what can be done to improve on it. In addition, both the British Airways and kulula brands have dedicated Customer Relations Departments to monitor and control customer feedback. Customer issues are then reported at the highest level and the Company diligently addresses customer concerns, in order to deliver the highest standards of customer service.

Community

As a corporate citizen, the Company endeavours wherever possible to improve the lives of fellow South Africans. The Company also believes that social responsibility should not just be seen as a budgeted write-off but rather a duty and an obligation to help those less fortunate and to make a positive impact on the society in general.

It is exactly this attitude among its staff that has ensured that the Company has been able to provide assistance to the following organisations during the past year under its two brands:

(a) The British Airways Brand

British Airways Kids

In addition to the learnerships offered to individuals of school-leaving age from Reiger Park, this year the British Airways Kids initiative was launched targeted at younger members of the community. In partnership with the Reiger Park Crisis Centre aid is given to the Orphaned and Vulnerable Children ("OVCs") living in the area, many of whom are from child-headed households and have been infected and/or affected by HIV/AIDS.

In addition, so far this year, 57 of these OVCs were flown to Durban to experience their first flight and enjoy a trip to the beach at uShaka Marine World.

Furthermore over 1,000 OVCs from Reiger Park were hosted at a Christmas Party with assistance and donations from several members of the Comair team as well as members of their community.

He'atid

British Airways has continued to support He'atid with air tickets to enable them to further their cause. He'atid is an organisation dedicated to the development of South African leaders through international exposure. Its programmes are designed to address the shortages of skilled leaders in South Africa by exposing its participants to international case studies. The He'atid programmes have developed a core group of black leaders who have made significant contributions to their communities.

MaAfrika Tikkun

This year British Airways also made regular donations of air tickets to MaAfrika Tikkun. The organisation's mission is to make a meaningful difference to disadvantaged communities in the fields of Education by way of strategic partnerships for crèches, primary and secondary school tutoring as well as agricultural and leadership training. Another area in which the organisation is involved is health and welfare by way of providing health facilities and improvements thereof, senior citizen feeding schemes, housing and other projects.

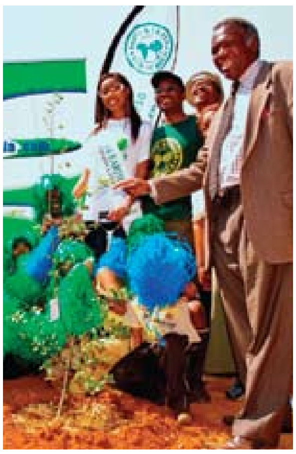
(b) The kulula brand

Project Green

This is kulula's flagship project for the year centred on raising money to care for the environment while also offsetting our aircraft's carbon emissions through the sustainable greening of township schools around the country in partnership with Food & Trees for Africa. To date three schools have benefited from having trees planted on their premises and one school is enjoying having a new soccer field, thanks to money raised from customer and Company donations.

In addition to increasing bio-diversity and the conservation of natural ecosystems by planting indigenous trees, the project also creates work opportunities by offering jobs in tree-planting activities, in partnership with Government departments, Non Governmental Organisations and small businesses (nurseries and garden services).

Project Green also serves as a community and Company educational tool that encourages and teaches individuals about how to live eco-friendly lifestyles.



South African Police Services

kulula's joint social investment initiative with the Airports Company South Africa for the South African Police Services ("SAPS") which allows members of the SAPS and their immediate families to fly kulula at drastically reduced fares has done very well. Currently over 100 air ticket reservations from these members are processed daily.

South Africa Missing Children

During the course of this year kulula has forged a much-needed relationship with this organisation that assists in tracing missing children and reuniting them with their loved ones. kulula assists the investigating officers and caregivers with air tickets to destinations around the country when following leads on various cases around the country.

Other

Furthermore, kulula has been proudly associated with a number of needy charities including the Children's Haematology and Oncology Clinics ("CHOC") by supporting them with free air tickets to help them with their causes.

URM. ANY CHANCE OF AN UPGRADE?

What's your strategy? Say you're on honeymoon? Dress smartly and smile? The thing is, at British Airways upgrading isn't about changing cabins, it's about giving you a better experience. Be it online check-in at ba.com or just tastier food and wine on board. It's how we do things and we don't intend to stop.

Upgrade to
BRITISH AIRWAYS
ba.com/upgrade

Statement of Responsibility by the Board of Directors

The Directors are responsible for the preparation, integrity and fair presentation of the financial statements and other financial information included in this report.

The financial statements, presented on pages 18 to 46 have been prepared in accordance with International Financial Reporting Standards, and include amounts based on judgements and estimates made by management.

The going-concern basis has been adopted in preparing the financial statements. The Directors have no reason to believe that the Company or the Group will not be going-concerns in the foreseeable future, based on forecasts and available cash resources. The financial statements support the viability of the Company and the Group.

The financial statements have been audited by the independent accounting firm, PKF (Jhb) Inc., which was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board of Directors and Committees of the Board. The Directors believe that all representations made to the Independent Auditors during the audit were valid and appropriate.

The financial statements which appear on pages 18 to 46 were approved by the Board of Directors on 15 September 2008 and signed on its behalf.

ER Venter
Joint CEO
15 September 2008

GS Novick
Joint CEO
15 September 2008

D Novick
Chairman
15 September 2008

Statement of Company Secretary

I, Derek Henry Borer, the Company Secretary of Comair Limited, certify that all returns required of a public company have, in respect of the financial year under review, been lodged with the Registrar of Companies and that all such returns are true, correct and up to date.

DH Borer
Company Secretary
15 September 2008

Independent Auditor's Report to the Members of Comair Limited

Report on the Financial Statements

We have audited the accompanying financial statements and group financial statements of Comair Limited, which comprise the Director's report, the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 19 to 46.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and group financial statements present fairly, in all material respects, the financial position of Comair Limited as of 30 June 2008, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act in South Africa.

PKF (Jhb) Inc.

Director: B Frey
Chartered Accountants (SA)
Registered Auditors
Registration number: 1994/001166/21

Johannesburg
15 September 2008

Report of the Directors

The Directors have pleasure in presenting their report, which forms part of the audited financial statements of the Company and the Group for the year ended 30 June 2008.

Nature of Business

Comair provides domestic and regional air services in the Southern African market, trading under the names of British Airways and kulula.com. The airline operates a fleet of twenty three jet aircraft.

Financial Results

Full details of the financial results are set out on pages 19 to 46 of the annual financial statements for the year ended 30 June 2008.

Dividends

Due to the difficult trading environment the Company has prudently decided to maintain its cash reserves and has chosen to not pay a dividend (prior year: 9 cents).

Share Capital

The unissued shares are under the control of the Directors until the next Annual General Meeting.

Subsidiaries

Details of the Company's subsidiaries are recorded in the notes to the annual financial statements.

Acquisition of Business and Assets

During the course of the year the Company acquired Aconcaqua 32 Investments (Pty) Limited, the Company which owns the land and buildings where Comair's Flight Operations Centre is based, and took over the running of African Dream Holidays, a package tour operator which runs out of Cape Town. A dormant company Alooca Technologies (Pty) Ltd, which is owned by Comair, was used to acquire land and buildings around the Flight Operations Centre. Further disclosures with regard to the acquisitions are disclosed in our notes.

Subsequent Events

No material fact or circumstance has occurred between the year end under review and the date of this report which has a material impact on the financial position of the Company or the Group.

Directors' Interest in Share Capital

The following Directors of the Company held direct and indirect interests in the issued share capital of the Company at 30 June 2008 as set out below:

Director	2008			2007			2008		2007	
	Direct Beneficial	Indirect Beneficial	Held by Associates	Direct Beneficial	Indirect Beneficial	Held by Associates	Total Shares	%	Total Shares	%
D Novick	-	33,529,480	-	-	53,529,480	-	33,529,480	7.98	53,529,480	12.75
MD Moritz	-	43,529,480	8,300	-	53,529,480	8,300	43,537,780	10.37	53,537,780	12.75
P van Hoven	204,647	-	-	204,647	-	-	204,647	0.05	204,647	0.05
GS Novick	307,800	-	-	307,800	-	-	307,800	0.07	307,800	0.07
ER Venter	707,880	-	-	10,000	-	-	707,880	0.17	10,000	0.00
MN Louw	1,000	-	-	1,000	-	-	1,000	0.00	1,000	0.00
PJ Welgemoed	104,200	-	-	104,200	-	-	104,200	0.02	104,200	0.02
**KI Mampeule	-	-	-	-	-	-	-	-	-	-
**RS Ntuli	-	6,172,550	-	-	6,172,550	-	6,172,550	1.47	6,172,550	1.47
*DH Borer	167,000	-	-	167,000	-	-	167,000	0.04	167,000	0.04
Total	**1,492,527**	**83,231,510**	**8,300**	794,647	113,231,510	8,300	**84,732,337**	**20.17**	114,034,457	27.15

* *Alternate Director*

** *Excludes 74,117,647 "A" shares issued to the Thelo Consortium, of which both Mr RS Ntuli and Mr KI Mampeule are members, but not forming part of the Company's listed share capital, in terms of the Company's Black Economic Empowerment transaction. Refer to Circular to Ordinary Shareholders issued on 23 August 2006 for further information relating to the Black Economic Empowerment transaction.*

There has been no change in the Directors' interests in share capital from 30 June 2008 to the date of posting of this annual report.

Special Resolutions

Since the last annual report, the Company passed one (1) special resolution at its Annual General Meeting held on 26 October 2007, namely a special resolution as contemplated in terms of sections 85(2) and 85(3) of the Companies Act (Act No. 61 of 1973) as amended, i.e. a general approval to repurchase shares. Other than the aforegoing, no other special resolutions were passed.

Board of Directors

The names, ages, qualifications, nationality, business addresses, attendance at Board Meetings and occupations of the Directors of Comair Limited, who served during the financial year under review, are set out below.

Name, Age, Qualification	Nationality	Business Address	Four (4) Board Meetings held during the year: Attendance	Occupation
Donald Novick Age: 70 C.A.(S.A.)	South African	1 Marignane Drive Bonaero Park Kempton Park, 1619	4	Non-executive Chairman
Martin Darryl Moritz Age: 63 (B.Com; LLB)	South African	1 Marignane Drive Bonaero Park Kempton Park, 1619	4	Non-executive Joint Deputy Chairman
Ronald Sibongiseni Ntuli Age: 38 LL.B. (Edinburgh University)	South African	Incwala Resources, Ground Floor, North Wing, The Reserve, 52-54 Melville Road, Illovo, 2196	4	Non-executive Joint Deputy Chairman

Name, Age, Qualification	Nationality	Business Address	Four (4) Board Meetings held during the year: Attendance	Occupation
Pieter van Hoven Age: 64	South African	1 Marignane Drive, Bonaero Park Kempton Park, 1619	4	Non-executive Director
Bertrandus Johannes van der Linden Age: 60	Netherlands	1 Marignane Drive Bonaero Park Kempton Park, 1619	4	Special Projects Director
Rodney Cyril Sacks Age: 58 H.Dip.Law; H.Dip.Tax	South African	Suite 101, 1010 Railroad Street, Corona, California, U.S.A	1 of 4	Independent Non-executive Director
Dr Peter Johannes Welgemoed Age: 65 B.Com (Honours); M.Com; D.Com	South African	1 Marignane Drive Bonaero Park Kempton Park, 1619	4	Independent Non-executive Director
Jacob Meyer Kahn Age: 69 B.A. (Law); MBA (U.P.); D.Com (hc); SOE	South African	South African Breweries plc, 1st Floor, No.2 Jan Smuts Avenue, Braamfontein, Johannesburg, 2001	3 of 4	Independent Non-executive Director
Gidon Saul Novick Age: 38 B.Com; C.A.(S.A.); MBA	South African	1 Marignane Drive Bonaero Park Kempton Park, 1619	4	Joint CEO
Martin Nicolaas Louw Age: 53 B.Mil.	South African	1 Marignane Drive Bonaero Park Kempton Park, 1619	4	Director Flight Operations
Erik Rudolf Venter Age: 38 B.Com; C.A.(S.A.)	South African	1 Marignane Drive Bonaero Park Kempton Park, 1619	4	Joint CEO
Khutso Ignatius Mampeule Age: 43 BA; MSc; MBA	South African	C/o Lefa Group Holdings (Pty) Ltd, Unit 46, Themi Office Park, Calderwood Road, Lonehill 2062	4	Non-executive Director
Lloyd Cromwell-Griffiths (1) Age: 63 ATPL	British	British Airways plc Waterside (HBA3) Harmondsworth Middlesex UB7 OGB, U.K.	3 of 4	Non-executive Director
Alan Kerr Buchanan Age: 50 MA; LLB	British	British Airways plc Waterside (HBA3) Harmondsworth Middlesex UB7 OGB, U.K	4	Non-executive Director
Wrenelle Doreen Stander (2) Age: 42 BA (Hons); MBA	South African	33 Baker Street Rosebank 2196	1 of 4	Independent Non-executive Director
Derek Henry Borer Age: 46 B.Com; LLB	South African	1 Marignane Drive Bonaero Park Kempton Park, 1619	4	Alternate Director to Bertrandus Johannes van der Linden

Note:

(1) Lloyd Cromwell Griffiths resigned as a Non-executive Director on 11 February 2008.

(2) Ms Wrenelle Doreen Stander was appointed as an Independent Non-executive Director on 18 June 2008.

Share Incentive Scheme

Executive Directors participate in a share incentive scheme with the following allocations at 1 July 2007 and as at 30 June 2008:

	Allocated at 1 July 2007		Awarded During the Year		Exercised During the Year			Total as at 30 June 2008		Gains Made on Exercise of Options During the Year R '000
Name	Number	Average Price	Number	Price	Number	Allocated Price	Exercise Price	Number	Average Price	
ER Venter	3,563,880	1.44	-		697,880	0.79	2.90	2,866,000	1.60	1,469
GS Novick	3,032,667	1.56	-					3,032,667	1.56	
MN Louw	2,466,667	1.54	-					2,466,667	1.54	
BJ van der Linden	416,334	1.55	-					416,334	1.55	
DH Borer	1,299,334	1.58	-					1,299,334	1.58	
	10,778,882		-		697,880			10,081,002		1,469

No share options have been issued to employees through the share incentive scheme during the year, and 1,466,156 options remain available for issue at year end.

Directors' Remuneration

Name	For Services as Directors and Related Committee Work R'000	Package (1) R'000	Performance Related (2) R'000	Pension and Medical (3) R'000	Share-based Payments as per IFRS R'000	Other (4) R'000	Total 2008 R'000	Total 2007 R'000
Executives								
ER Venter	-	1,534	1,350	242	(2,657)	-	469	5,771
GS Novick	-	1,518	1,350	245	(1,092)	-	2,021	4,948
MN Louw	-	1,070	928	181	(906)	-	1,273	5,691
BJ van der Linden	-	965	152	168	(168)	-	1,117	1,801
DH Borer	-	781	550	137	(431)	-	1,037	2,238
	-	5,868	4,330	973	(5,254)	-	5,917	20,449
Non Executives								
D Novick	100	-	-	-	-	-	100	100
MD Moritz	100	-	-	-	-	-	100	100
PJ Welgemoed	130	-	-	-	-	-	130	130
JM Kahn	120	-	-	-	-	-	120	120
KI Mampeule	100	-	-	-	-	-	100	100
RC Sacks	0	-	-	-	-	-	0	100
P van Hoven	130	-	-	-	-	-	130	1,483
RS Ntuli	100	-	-	-	-	-	100	100
	780	-	-	-	-	-	780	2,233
	780	5,868	4,330	973	(5,254)	-	6,697	22,682

Notes:

1) *"Package" includes the following regular payments made in respect of the financial year while actively employed: Cash salary; S&T allowances and vehicle allowances.*
2) *"Performance related" refers to the incentive rewards in respect of the financial year ended 30 June 2008.*
3) *"Pension and Medical" includes the regular payments made for pension fund, medical aid contributions and risk benefits.*
4) *Remuneration receivable by the Directors will not vary as a result of any proposed issue for cash or repurchase of shares.*

Balance Sheet
as at 30 June 2008

		Group		Company	
		2008	2007	**2008**	2007
	Note	**R'000**	R'000	**R'000**	R'000
Assets					
Non-current assets		**976,910**	764,769	**961,157**	782,612
Property, plant and equipment	1	**866,750**	676,029	**815,415**	676,029
Loan to share incentive trust	2	**-**	-	**15,127**	17,843
Investment in subsidiaries	3	**-**	-	**20,455**	-
Available-for-sale investments	4	**110,160**	88,740	**110,160**	88,740
Current assets		**465,519**	379,516	**496,305**	381,376
Inventory	5	**7,456**	6,097	**7,456**	6,097
Trade and other receivables	6	**270,289**	117,991	**270,289**	117,871
Investment in subsidiaries	3	**-**	-	**29,035**	-
Investment in associates	7	**56,113**	13,404	**58,527**	15,468
Forward exchange contracts	8	**669**	-	**669**	-
Taxation		**5,988**	-	**5,328**	-
Bank and cash	9	**125,004**	242,024	**125,001**	241,940
		1,442,429	1,144,285	**1,457,462**	1,163,988
Equity and Liabilities					
Capital and reserves		**459,942**	425,531	**476,856**	444,485
Share capital	10	**4,749**	4,736	**4,941**	4,941
Share premium		**8,070**	8,042	**8,456**	8,456
Non-distributable reserves		**7,525**	(485)	**7,525**	(485)
Accumulated profits		**439,598**	413,238	**455,934**	431,573
Non-current liabilities		**405,050**	280,718	**405,050**	280,718
Interest-bearing liabilities	11	**360,333**	259,952	**360,333**	259,952
Deferred taxation	12	**44,717**	20,766	**44,717**	20,766
Current liabilities		**577,437**	438,036	**575,556**	438,785
Trade and other payables	13	**456,761**	356,755	**454,880**	356,731
Provisions	14	**52,549**	40,020	**52,549**	40,020
Taxation		**-**	4,448	**-**	5,221
Interest-bearing liabilities	11	**68,127**	36,328	**68,127**	36,328
Forward exchange contracts	8	**-**	485	**-**	485
		1,442,429	1,144,285	**1,457,462**	1,163,988

Income Statement
for the year ended 30 June 2008

		Group		Company	
	Note	**2008 R'000**	2007 R'000	**2008 R'000**	2007 R'000
Revenue		**2,688,488**	2,211,743	**2,688,488**	2,211,743
Operating expenses		**(2,576,364)**	(2,041,975)	**(2,576,347)**	(2,041,908)
Profit from operations	15	**112,124**	169,768	**112,141**	169,835
Interest expense		**(37,668)**	(35,145)	**(37,668)**	(35,145)
Interest income		**22,454**	19,574	**22,445**	19,574
Preference dividend income		**6,938**	5,343	**6,938**	5,343
Share of loss of associates	16	**(350)**	(2,064)	**-**	-
Profit before taxation		**103,498**	157,476	**103,856**	159,607
Taxation	17	**(41,695)**	(48,313)	**(41,695)**	(47,547)
Profit attributable to ordinary shareholders		**61,803**	109,163	**62,161**	112,060
Earnings per share (cents)	18	**15.4**	27.3		
Headline earnings per share (cents)	18	**15.4**	25.2		
Diluted earnings per share (cents)	18	**14.9**	25.0		
Diluted headline earnings per share (cents)	18	**14.9**	23.0		
Dividend per share declared (cents)		**-**	9.0		

Statement of Changes in Equity
for the year ended 30 June 2008

	Share Capital R'000	Share Premium R'000	Share-based payment reserve R'000	Hedging Reserve R'000	Accumulated Profit R'000	**Total R'000**
Group						
Balance at 1 July 2006	3,994	8,042	-	22,556	333,469	**368,061**
BEE share-based payments	741	-	-	-	-	**741**
Profit for the year	-	-	-	-	109,163	**109,163**
Dividend paid	-	-	-	-	(27,959)	**(27,959)**
Cash flow hedging reserve	-	-	-	(23,041)	-	**(23,041)**
Shares purchased by Share Trust	(10)	(20)	-	-	(2,775)	**(2,805)**
Shares sold by Share Trust	11	20	-	-	1,340	**1,371**
Balance at 30 June 2007	4,736	8,042	-	(485)	413,238	**425,531**
BEE share-based payments	-	-	6,856	-	-	**6,856**
Profit for the year	-	-	-	-	61,803	**61,803**
Dividend paid	-	-	-	-	(36,067)	**(36,067)**
Cash flow hedging reserve	-	-	-	1,154	-	**1,154**
Shares purchased by Share Trust	(6)	(12)	-	-	(1,587)	**(1,605)**
Shares sold by Share Trust	19	40	-	-	2,211	**2,270**
Balance at 30 June 2008	4,749	8,070	6,856	669	439,598	**459,942**
Company						
Balance at 1 July 2006	4,200	8,456	-	22,556	348,913	**384,125**
BEE share-based payments	741	-	-	-	-	**741**
Profit for the year	-	-	-	-	112,060	**112,060**
Dividend paid	-	-	-	-	(29,400)	**(29,400)**
Cash flow hedging reserve	-	-	-	(23,041)	-	**(23,041)**
Balance at 30 June 2007	4,941	8,456	-	(485)	431,573	**444,485**
BEE share-based payments	-	-	6,856	-	-	**6,856**
Profit for the year	-	-	-	-	62,161	**62,161**
Dividend paid	-	-	-	-	(37,800)	**(37,800)**
Cash flow hedging reserve	-	-	-	1,154	-	**1,154**
Balance at 30 June 2008	4,941	8,456	6,856	669	455,934	**476,856**

Cash Flow Statement
for the year ended 30 June 2008

	Note	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Cash from operating activities		**108,192**	244,539	**104,377**	244,729
Cash receipts from customers		**2,536,190**	2,188,642	**2,536,070**	2,188,940
Cash paid to suppliers		**(2,355,475)**	(1,872,915)	**(2,357,315)**	(1,873,121)
Cash generated by operations	19	**180,715**	315,727	**178,755**	315,819
Interest paid		**(37,668)**	(35,145)	**(37,668)**	(35,145)
Interest received		**22,454**	19,574	**22,445**	19,574
Preference dividend received		**6,938**	5,343	**6,938**	5,343
Taxation paid	20	**(28,180)**	(33,001)	**(28,293)**	(31,462)
Cash available from operating activities		**144,259**	272,498	**142,177**	274,129
Dividend paid		**(36,067)**	(27,959)	**(37,800)**	(29,400)
Cash utilised in investing activities		**(358,057)**	(288,736)	**(353,496)**	(288,811)
Additions to property, plant and equipment		**(293,578)**	(270,447)	**(242,243)**	(270,447)
Proceeds on disposal of property, plant and equipment		**-**	64	**-**	64
Decrease/(increase) loan to share incentive trust		**-**	-	**2,716**	(1,692)
Proceeds on disposal of shares in subsidiary	21	**-**	13,383	**-**	15,000
Acquisition of preference shares		**(21,420)**	(21,420)	**(21,420)**	(21,420)
Investment in subsidiaries	3.2 to 3.3	**-**	-	**(49,490)**	-
Investment in associates	7	**(43,059)**	(10,316)	**(43,059)**	(10,316)
Cash generated by/(utilised in) financing activities		**132,845**	(32,758)	**132,180**	(31,323)
Net effect of share trust transactions		**665**	(1,435)	**-**	-
Sale of "A" Class Shares to BEE Partner		**-**	741	**-**	741
Increase/(decrease) in interest bearing liabilities		**132,180**	(32,064)	**132,180**	(32,064)
Net decrease increase in cash and cash equivalents		**(117,020)**	(76,955)	**(116,939)**	(75,405)
Cash and cash equivalents at the beginning of the year		**242,024**	318,979	**241,940**	317,345
Cash and cash equivalents at the end of the year		**125,004**	242,024	**125,001**	241,940

Accounting Policies

Principal Accounting Policies

The annual financial statements are presented in South African Rands as this is the currency of the economic environment in which the Group operates.

The annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the principle accounting policies listed below. These accounting policies are consistent with the previous year.

Adoption of Standards and Interpretations Effective in 2008

The following standards have been applied by the group from 1 July 2007:

- IFRS 7 Financial Instruments Disclosures.
- IAS 1 (Amendment) Capital Disclosures.

The application of IFRS 7 and IAS 1 (Amendment) in the year ended 30 June 2008 has not affected the amounts recognised in the balance sheet or income statement as the standards are concerned with disclosure only. Certain comparitive information has, however, been reclassified in order to achieve compliance with the disclosure requirements set out in these standards.

Revenue Recognition

Revenue comprises all airline-related revenue earned. Revenue arising from the provision of transportation services to passengers is recognised on an accrual basis in the period in which the services are rendered.

Dividends and interest received are recognised in the period in which the receipt is established.

Borrowing Costs

Interest costs are charged against income using the effective interest rate method.

Principles of Consolidation

Subsidiaries

Subsidiaries are companies and entities over which the Company has the ability to control the financial and operating activities so as to obtain benefit from their activities. Where an investment in a subsidiary is acquired or disposed of during the financial period, its results are included from, or to, the date that control became, or ceased to be, effective. All intragroup transactions are eliminated on consolidation. Investments in subsidiaries of the Company are accounted for at cost. The carrying amount of these investments are reviewed annually and written down for impairment where considered necessary.

Goodwill arising on acquisition

Goodwill, being the difference between the considerations paid for subsidiaries acquired and the fair value of their net assets at dates of acquisition, is capitalised and tested for impairment at least annually.

The Group share incentive trust is included in the consolidated financial statements as a subsidiary.

Associate Companies

Associate companies are those entities which are not subsidiaries or joint ventures, in which the Group has the ability to exercise a significant influence and holds a long term equity interest.

Associate companies are accounted for on the equity method. Equity accounted income which is included in the carrying value of the investment represents the Group's proportionate share of the associate companies post-acquisition retained income after accounting for dividends payable by those associates. Any difference between the cost of acquisition and the Group's share of net identifiable assets at acquisition, fairly valued, is recognised and treated according to the Group's accounting policy for intangible assets.

Foreign Currency

Foreign currency transactions are recorded at the exchange rate ruling on the transaction dates. Assets and liabilities designated in foreign currencies are translated at rates of exchange ruling at the balance sheet date. Profits or losses arising on translation of foreign currency transactions are included in earnings.

Deferred Taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arising from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint venture, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rate that is expected to apply in the period when the liability is settled or the asset realised.

Property, Plant and Equipment

Freehold property, aircraft and related equipment, vehicles, furniture, computers and flight simulator equipment are depreciated on a systematic basis, which is estimated to depreciate the assets to their anticipated residual values on a component approach over their planned useful lives. Land is not depreciated.

Property, plant and equipment are stated at cost less accumulated depreciation. The carrying values are assessed on an annual basis and only written down if there are impairments in value.

Aircraft modifications are capitalised only to the extent that they materially improve the value of the aircraft from which further future economic benefits are expected to flow. Maintenance and repairs which neither materially add to the value of assets or appreciably prolong their useful lives are charged against income. The gain or loss on disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Depreciation Rates

Freehold property	2%
Aircraft and related equipment	4% to 20%
Motor vehicles	20%
Furniture and equipment	10%
Computer equipment	20% to 50%
Flight simulator equipment	20%

Leased Asset

Leases, whereby the lessor provides finance to the Group and where the Group assumes substantially all the benefits and risks of ownership, are classified as finance leases. Assets acquired in terms of finance leases are capitalised and depreciated to realisable value over the shorter of the lease period or the useful life of the asset. The capital element of future obligations under leases is included as a liability in the balance sheet. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the instalments is charged against income over the lease period.

Leases of assets to the Group under which all risks and rewards of ownership are effectively retained by the lessor, are classified as operating leases. Payments made under operating leases are charged against income on a straight line basis over the period of the lease.

Financial Instruments

Financial Instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition:

- Trade and other receivables are stated at cost less provision for doubtful debts.
- Cash and cash equivalents are recognised at fair value.
- Interest bearing borrowings are recognised at amortised cost.
- Loans receivable are stated at cost and included in current assets except where maturities are greater than twelve months after balance sheet date. These are classified as non-current assets. Loans receivable on demand are classified as current.
- Trade payables are not interest bearing and are stated at their nominal value.

Investments (which are not subsidiaries or associates) are designated as available-for-sale assets and are initially measured at cost including transaction costs. They are subsequently stated at fair value. Fair value of unlisted investments is determined by the Directors, using an appropriate valuation method. Unrealised changes in the fair values of investments are taken directly to equity. Upon realisation, these gains and losses are recognised in the income statement. They are included in non-current assets unless management intends to dispose of the investment within twelve months of balance sheet date.

Derivative instruments which are not designated hedging instruments are recognised at fair value and the corresponding adjustment recognised in the income statement.

Hedge Accounting

For the purpose of hedge accounting, hedges are classified in two categories:

- Fair value hedges, which hedge the exposure to changes in the fair value of recognised assets or liabilities. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognised in earnings for the period.
- Cash flow hedges, which hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a particular asset or liability or a forecasted transaction. For hedges that meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in shareholder's equity, and the ineffective portion is recognised in earnings for the period. For cash flow hedges affecting future transactions, the gains or losses, that are recognised in shareholders equity, are transferred to earnings in the same period in which the hedged transaction affects earnings. Where the hedged transaction results in the recognition of an asset or liability, then at such time the associated gains or losses that had previously been recognised in shareholders' equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

Inventory

Inventory is stated at the lower of cost and net realisable values. Cost is determined on the first-in-first-out basis.

Retirement and Medical Funds

Current contributions to the Group's defined contribution retirement fund are based on current salary and are recognised in the results for the year.

Impairment

A review for impairment indicators is carried out at each financial year end. If impairment indicators are present, an impairment test is carried out. A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount.

Where a financial asset is stated at cost or amortised cost, an impairment loss is recognised through the income statement. If in a subsequent period the amount of an impairment loss has decreased and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the income statement.

Where a financial asset which has been remeasured to fair value directly through equity is impaired, and a loss on the financial asset was previously recognised directly in equity, the cumulative net loss that has been recognised in equity is transferred to the income statement as part of the impairment loss.

Where a financial asset measured to fair value directly against equity is impaired, and an increase in the fair value of the financial asset was previously recognised in equity, the increase in fair value of the financial asset recognised in equity is reversed to the income statement to the extent that the asset is impaired and recognised as part of the impairment loss. Any additional impairment loss is recognised in the income statement. If in a subsequent period, the amount relating to an impairment loss decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the income statement.

Provisions

A provision is recognised when the Group has a present legal or constructive obligation as result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Share-based Payment Transactions

Cash Settled

Share appreciation rights are granted to certain employees in the Group. The fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in liabilities. The fair value is initially measured at grant date and expensed over the period during which the employee becomes unconditionally entitled to payment. The fair value of the instruments granted are measured against market performance of the share price. The liability is measured at each balance sheet date and at settlement date.

Equity Settled

Convertible "A" class shares and options were issued in terms of a Black Economic Empowerment deal. The fair value of the equity instrument is measured at grant date using an appropriate valuation model and recognised as an expense with corresponding increase in equity over the vesting period of the share-based payment.

Judgments Made by Management

Preparation of the financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reporting of reported amounts and related disclosures. Actual amounts could differ from these estimates.

Certain accounting policies have been identified as involving particularly complex or subjective judgments or assessments, as follows:

Asset Lives and Residual Values

Property, plant and equipment are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Impairment of Assets

Property, plant and equipment and loans receivable are considered for impairment if there is any reason to believe that impairment may be necessary. Factors taken into consideration include economic viability of the asset itself and where it is a component of a larger economic unit, the viability of the unit.

Future cash flows expected to be generated by the asset are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current asset value and, if lower, the assets are impaired to present value.

Sources of Estimation Uncertainty

There are no key assumptions concerning the future and other key sources of estimation uncertainty at balance sheet date that management has assessed as having a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year.

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
1. Property, Plant and Equipment				
Property and Buildings				
Cost	66,794	15,071	15,459	15,071
Accumulated depreciation	(3,775)	(3,320)	(3,775)	(3,320)
Book value	63,019	11,751	11,684	11,751
Aircraft and Flight Simulator Equipment				
Cost	1,115,456	934,806	1,115,456	934,806
Impairment	(115,106)	(115,106)	(115,106)	(115,106)
Accumulated depreciation	(208,392)	(166,830)	(208,392)	(166,830)
Book value	791,958	652,870	791,958	652,870
Vehicles, Furniture and Equipment and Computer Equipment				
Cost	37,104	35,052	37,104	35,052
Accumulated depreciation	(25,331)	(23,644)	(25,331)	(23,644)
Book value	11,773	11,408	11,773	11,408
Total property, plant and equipment	866,750	676,029	815,415	676,029
Property, plant and equipment				
- Reconciliation of carrying value				
Property and Buildings				
Carrying value at the beginning of the year	11,751	11,759	11,751	11,759
Additions	51,722	598	387	598
Depreciation	(454)	(606)	(454)	(606)
Carrying value at the end of the year	63,019	11,751	11,684	11,751
Aircraft and Flight Simulator Equipment				
Carrying value at the beginning of the year	652,870	480,426	652,870	470,330
Additions	238,312	266,541	238,312	266,541
Disposals	-	(10,096)	-	-
Depreciation	(99,224)	(84,001)	(99,224)	(84,001)
Carrying value at the end of the year	791,958	652,870	791,958	652,870
Vehicles, Furniture and Equipment and Computer Equipment				
Carrying value at the beginning of the year	11,408	11,270	11,408	10,634
Additions	3,544	3,308	3,544	3,308
Disposals	-	(636)	-	-
Depreciation	(3,179)	(2,534)	(3,179)	(2,534)
Carrying value at the end of the year	11,773	11,408	11,773	11,408
Total property, plant and equipment	866,750	676,029	815,415	676,029

	Group		Company	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
1. Property, Plant and Equipment (continued)				
Property and buildings owned consist of erf 1092 and 1096 Bonaero Park extension 2, erf 931 Bonaero Park extension 1, erf 700 Rhodesfield Township and erfs 674, 684, 685, 687, 688, 689, 690, 695 and erf 1040 Rhodesfield Township. The estimated market value of these properties is R96.8 million.				
Instalment Sale Agreement and Finance Lease Agreement Book Values are disclosed under note 11.				

2. Loan to Share Incentive Trust

This loan relates to Comair Share Incentive Trust acquisition of 21 million ordinary shares at 72 cents per share in June 1998. The term of the loan is unspecified and it bears no interest.

At year end the trust held 19,197,404 shares representing 4.6% of shares in issue (prior year: 20,483,172 shares representing 4.9%) at a closing price of 200 cents (prior year: 370 cents).

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
	-	-	**15,127**	17,843

3. Investment in Subsidiaries

Non-current portion

3.1 Laroc Aviation Limited

2 ordinary shares of GBP 0.01 each at cost (100% shareholding).

The Company was deregistered in Mauritius on 6 January 2007.

3.2 Aconcagua 32 Investments (Pty) Ltd

1 ordinary share of R1 at cost (100% shareholding)

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Investment at cost	**-**	-	**20,455**	-

Company is the owner of erf 700 Rhodesfield Township. This is the only asset in the Company's books valued at R20.4 million. There are no material liabilities in this Company. The share in the Company was acquired during May 2008.

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Total non-current portion	**-**	-	**20,455**	-

Current portion

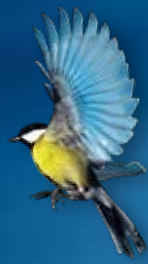
3.3 Alooca Technologies (Pty) Ltd

100 ordinary shares of R1 at cost (100% shareholding)

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Loan receivable	**-**	-	**29,035**	-

The Company acquired erfs 674, 684, 685,687,688, 689,690,695 and 1040 Rhodesfield Township with funding from Comair Limited. The properties at cost are valued at R30.8 million.

The loan has no fixed repayment terms.



	Group		Company	
	2008 R'000	2007 R'000	**2008 R'000**	2007 R'000
3. Investment in Subsidiaries (continued)				
3.4 Amber (Pty) Limited				
1 ordinary share of R1 at cost (100% shareholding)				
5,549 Preference Shares at R10,000 per share at cost	**-**	-	**55,490**	55,490
Dividend Accrued	**-**	-	**80,000**	80,000
Subscription to Comair Preference Shares	**-**	-	**(135,490)**	(135,490)
Comair borrowed an amount of R135.49 million from AMB Financial Services (Pty) Ltd in the 1999/2000 financial year. The capital on this loan was repaid through means of Comair issuing preference shares on 31 May 2004. The preference shares were issued to Amber (Pty) Ltd, which acquired these shares from AMB.				
Total current portion	**-**	-	**29,035**	-
Total investment in subsidiaries	**-**	-	**49,490**	-

4. Available-for-sale Investments

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Preference shares in KWJ Investments (Pty) Ltd	**110,160**	88,740	**110,160**	88,740
108,000 paid up shares (prior year 87,000) at R1,020 per share at cost. Comair will purchase a further 42,000 shares in bi-annual installments of R10,710,000 with the last purchase on 30 June 2010.				
Total Directors' valuation of unlisted investments	**110,160**	88,740	**110,160**	88,740

5. Inventory

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Aircraft Spares	**6,128**	7,463	**6,128**	7,463
Catering equipment and consumables	**6,049**	3,355	**6,049**	3,355
Write down of aircraft spares to realisable value	**(4,721)**	(4,721)	**(4,721)**	(4,721)
	7,456	6,097	**7,456**	6,097

6. Trade and other receivables

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Trade receivables	**232,206**	123,196	**232,206**	123,076
Deposits	**16,103**	295	**16,103**	295
Other receivables	**21,980**	(5,500)	**21,980**	(5,500)
	270,289	117,991	**270,289**	117,871
The standard credit period is 30 days from statement. The average age of the receivables is 31 days. Only customers that the Company has got a long standing relationship with have got access to credit. New customers are rare as the Company prefers selling air tickets for cash rather than on credit. Ageing of past due trade receivables:				
60 days +	**1,459**	62	**1,459**	62

	Group		Company	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000

7. Investment in Associates

7.1 Commuter Handling Services (Pty)Limited

400 shares 40% shareholding (Prior year: 400 shares 40% shareholding at cost)

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Carrying value of the investment				
Loan	**51,241**	8,182	**51,241**	8,182
Interest was not charged for the year and there are no fixed repayment terms.				
Cumulative post acquisition equity				
Prior year	**474**	-	**-**	-
Current year	**1,543**	474	**-**	-

This associate provides passenger handling services to airlines at ACSA based airports and made an after tax profit of R3.8 million (prior year profit of R1.2 million) for the year ended 30 June 2008. The Company is incorporated in South Africa. 60% Shareholding in the associate was sold in October 2006 for R15 million. The Company is now classified as an associate and has been equity accounted for the whole financial year.

7.2 Imperial Air Cargo (Pty) Limited

Comair Limited has a 30% Shareholding in Imperial Air Cargo (Pty) Ltd a company in the air freight industry.

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Carrying value of the investment				
Shareholder's loan	**7,286**	7,286	**7,286**	7,286
Cumulative post acquisition equity				
Prior Year	**(2,538)**	-	**-**	-
Current Year	**(1,893)**	(2,538)	**-**	-

This associate is an air freight company and made an after tax loss of R6.3 million (prior year loss R8.5 million) for the year ended 30 June 2008. The Company is incorporated in South Africa. The Company is classified as an associate and has been equity accounted for the whole financial year. Management are of the opinion that the Company will be profitable in the next two years.

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
	56,113	13,404	**58,527**	15,468

Summarised financial information of associates (aggregated)

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Income Statement				
Revenue	**215,565**	119,996	**-**	-
Operating Loss	**(3,899)**	(10,653)	**-**	-
Net finance charges	**665**	409	**-**	-
Loss before taxation	**(3,234)**	(10,244)	**-**	-
Taxation	**779**	2,968	**-**	-
Loss for the year	**(2,455)**	(7,276)	**-**	-

	Group		Company	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
7. Investment in Associates (continued)				
Balance Sheet				
Assets				
Property plant and equipment	**22,621**	15,519	**-**	-
Deferred tax	**6,226**	3,653	**-**	-
Net current assets	**53,147**	17,172	**-**	-
	81,994	36,344	**-**	-
Equity and liabilities				
Capital and reserves	**13,398**	15,853	**-**	-
Borrowings	**68,596**	20,491	**-**	-
	81,994	36,344	**-**	-

8. Financial Risk Management and Financial Instruments

The Group finances its operations by a mixture of retained profits, current borrowings and non-current borrowings. The Group also enters into Forward Exchange Contracts to manage the currency risks of its operations. The main risks arising in the normal course of business from the Group's Financial Instruments are currency, interest rate and liquidity risk. This note presents information on the Group's exposure to these risks. The Board of Directors is responsible for risk management activities in the Group.

Identification of Financial Instruments

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Financial Assets				
Bank and cash	**125,004**	242,024	**125,001**	241,940
Trade and other receivables	**270,289**	117,991	**270,289**	117,871
Investments in associates/subsidiaries	**56,113**	13,404	**123,144**	33,311
Derivative	**669**	(485)	**669**	(485)
Available-for-sale assets	**110,160**	88,740	**110,160**	88,740
	562,235	461,674	**629,263**	481,377
Financial Liabilities				
Trade and other payables	**456,761**	356,755	**454,880**	356,731
Total interest bearing liabilities	**428,460**	296,280	**428,460**	296,280
	885,221	653,035	**883,340**	653,011

Interest rate risk

The Company is exposed to interest rate risk as it borrows and places funds. This risk is managed by having a mixture of fixed and floating rates on long term loans and placing surplus funds in investments that yield a market linked return.

Credit risk

Credit risk relates to potential exposure on bank and call deposits and loans and trade receivables. At the balance sheet date, the Company did not consider there to be any significant concentration of credit risk which has not been adequately provided for.

Liquidity risk

The liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by monitoring forecasted cashflows and ensuring that adaquate cash resources and unutilised borrowing facilities are maintained.

Maturity profile of financial liabilities at 30 June 2008

Group/Company	Carrying Amount	Contractual cash flows	Within 1 year	2 to 5 years	More than 5 years
2008					
Secured and non-current borrowings	**360,333**	**430,007**	**-**	**430,007**	**-**
Secured short term borrowings	**68,127**	**115,844**	**115,844**	**-**	**-**
Operating lease commitments	**-**	**735,179**	**167,727**	**527,152**	**40,300**
Trade and other payables	**456,761**	**338,248**	**338,248**	**-**	**-**
Total financial liabilities - Group and Company	**885,221**	**1,619,278**	**621,819**	**957,159**	**40,300**
Total financial assets - Group	**562,235**	**562,235**	**562,235**	**-**	**-**
Total financial assets - Company	**629,263**	**629,263**	**629,263**	**-**	**-**
2007					
Secured and non-current borrowings	259,952	311,223	-	311,223	-
Secured short term borrowings	36,328	67,037	67,037	-	-
Operating lease commitments	-	487,497	145,980	331,797	9,720
Trade and other payables	356,755	263,000	263,000	-	-
Total financial liabilities - Group and Company	653,035	1,128,757	476,017	643,020	9,720
Total financial assets - Group	461,674	461,674	461,674	-	-
Total financial assets - Company	481,377	481,377	481,377	-	-

Foreign currency risk

The Company undertakes certain transactions denominated in foreign currency which therefore have exposure to exchange rate variations. The Company may enter into forward exchange contracts to manage exchange rate exposure. Where appropriate, open positions are maintained. The Company does not speculate in derivative instruments and all foreign exchange contracts are supported by underlying transactions.

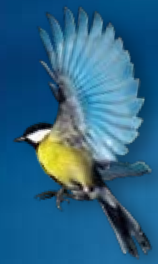
Approximately 50% of operating costs are incurred and approximately 12% of revenue is earned in foreign currency. The following uncovered foreign currency amounts are included in the financial statements at year end: net short term liabilities of US$ 1,520,077 and GBP 4,336,480 and net short term receivables of GBP 8,352,332

Currency options that constitute designated hedge of currency risk at year end relate to fuel. The base price of fuel is calculated in US$. The Company hedged approximately 10% of it's monthly volumes for a period of ten months at an average rate of R8.13/US$. The fair value at year end, being the amount the Company would receive/(pay) to terminate the contracts at year end was R0.7 million (prior year R1.7 million payable). Prior year the Company hedged 25% of it's monthly fuel oil requirements. At year end last year only one month was left on the hedge and the market to market valuation of the hedge was a net receivable of R1.2 million.

Sensitivity analysis

The sensitivity analysis below calculates the impact of movements in the foreign exchange rates in which the Company transacts as well as in interest rates on the Company profits. The analysis is based on closing balances at year-end.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange and interest rate risk as the year-end exposure does not reflect the exposure during the year.



8. Financial Risk Management and Financial Instruments (continued)

Company	Foreign exchange risk				Interest rate risk		
	Profit/(loss) should the rand exchange rate change by 5%				Profit/(loss) should the interest rate change by 2%		
	Carrying value	Amount exposed to risk	Rand appreciation	Rand depreciaition	Amount exposed to risk	Rate increase	Rate decrease
Financial asset R'000							
Bank	125,001	57,680	(2,884)	2,884	125,001	2,500	(2,500)
Trade and other receivables	227,772	126,311	(6,316)	6,316	-	-	-
Impact of financial assets on:							
- profit before tax	-	-	(9,200)	9,200	-	2,500	(2,500)
- profit after tax	-	-	(6,624)	6,624	-	1,800	(1,800)
Financial liabilities R'000							
Interest bearing liabilities	428,460	-	-	-	168,505	(3,370)	3,370
Trade and other payable	412,363	78,143	3,907	(3,907)	-	-	-
Impact of financial liabilities on:							
- profit before tax	-	-	3,907	(3,907)	-	(3,370)	3,370
- profit after tax	-	-	2,813	(2,813)	-	(2,426)	2,426
Overall impact on profit after taxation	-	-	(3,811)	3,811	-	(626)	626

9. Cash Encumbered

The Company has pledged cash totalling R20 million (prior year: R20 million) in respect of aircraft lease obligations.

10. Share Capital

	Group		Company	
	2008 R'000	2007 R'000	**2008 R'000**	2007 R'000
Authorised:				
1000 000 000 ordinary shares of 1 cent each	**10,000**	10,000	**10,000**	10,000
75 000 000 "A" Class Shares of 1 cent each	**750**	750	**750**	750
1000 000 000 "N" ordinary shares of 0.01 cent each	**100**	100	**100**	100
1000 000 preference shares of 1 cent each	**10**	10	**10**	10
	10,860	10,860	**10,860**	10,860
Issued:				
420 000 000 ordinary shares of 1 cent each	**4,200**	4,200	**4,200**	4,200
74 117 647 "A" Class Shares	**741**	741	**741**	741
Adjustment in respect of consolidation of share trust	**(192)**	(205)	**-**	-
13 549 preference shares of 1 cent each issued at R10,000 each				
	4,749	4,736	**4,941**	4,941

No shares were issued for cash for the period under review.

At a general meeting of the Company held on 14 September 2006, shareholders approved by way of various special resolutions the creation, specific issue and re-purchase of the "A" shares, as well as the dividend and voting policy relating to those shares. The "A" shares shall vote as a single class at all meetings of shareholders of the Company save for resolutions of the Company relating to the rights and privileges of the "A" shares such that the holders of the "A" shares shall not be entitled to vote or approve any resolution that would otherwise have been passed or not by the required majority of votes, collectively, of the holders of the ordinary shares and the "A" shares (other than resolutions relating to the rights and privileges of the "A" shares.) The "A" shares will not be listed on the JSE and will not be taken into account for the purposes of categorisation transactions under the JSE Listings Requirements. The "A" shares will not be listed on any security exchange but are convertible into ordinary shares on a 'one for one' basis.

The preference shares are redeemable nil coupon shares and rank prior to ordinary shares as regards capital. There are no voting rights attached to the preference shares. The terms of issue of these shares requires classification as debt instruments and the debt arising is disclosed in Note 3.4 of these financials.

11. Interest Bearing Liabilities

	Group		Company	
	2008 R'000	2007 R'000	**2008 R'000**	2007 R'000
Churchill Finance Services 23 Limited				
Aircraft finance lease agreement which is payable in equal quarterly payments of R10,852,239. The last payment is due on 2 October 2010. Interest is calculated at 13% per annum. Three aircraft mortgages serve as collateral covering security (net book value R141 million, prior year net book value R148 million).	**93,986**	123,759	**93,986**	123,759
Rand Merchant Bank				
Aircraft instalment sale agreement payable in 20 quarterly instalments of R2,156,858 with the last payment due on 30 June 2010. Interest is charged at a fixed rate of 10.5%. One aircraft mortgage serves as collateral covering security (net book value R46 million, prior year R48 million).	**15,365**	21,918	**15,365**	21,918
Investec Limited				
Aircraft instalment sale agreement. Interest instalments are payable bi-annually. Capital of R150,000,000 is due on 14 December 2010. Interest is calculated at 10% per annum. Three aircraft mortgages serve as collateral covering security (net book value R142 million, prior year R148 million).	**150,604**	150,603	**150,604**	150,603
Aircraft instalment sale agreement payable in 20 quarterly instalments with the last payment due on 20 December 2012. Interest is charged at a variable rate. Currently 13.2% One aircraft mortgage serves as collateral covering security (net book value R70 million).	**76,936**	-	**76,936**	-
Aircraft instalment sale agreement payable in 20 quarterly instalments with the last payment due on 5 June 2013. Interest is charged at a variable rate. Currently 14.4% Two aircraft mortgages serves as collateral covering security (net book value R184 million).	**91,569**	-	**91,569**	-
Sub-total	**428,460**	296,280	**428,460**	296,280
Less short-term portion	**(68,127)**	(36,328)	**(68,127)**	(36,328)
	360,333	259,952	**360,333**	259,952
Total value of interest bearing liabilities	**428,460**	296,280	**428,460**	296,280
Finance charges	**117,391**	82,020	**117,391**	82,020
Total interest bearing liability commitments	**545,851**	378,300	**545,851**	378,300
- commitments for year one	**115,844**	67,037	**115,844**	67,037
- commitments for year two to five	**430,007**	311,223	**430,007**	311,223
- commitments after year five	**-**	-	**-**	-

	Group		Company	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
12. Deferred Taxation				
On temporary differences arising from:				
Property, plant and equipment	**93,485**	65,896	**93,485**	65,896
Staff obligations and accruals	**(56,264)**	(44,342)	**(56,264)**	(44,342)
Prepayments	**7,496**	1,987	**7,496**	1,987
STC asset	**-**	(2,775)	**-**	(2,775)
	44,717	20,766	**44,717**	20,766
Deferred tax reconciliation				
Opening balance	**20,766**	5,128	**20,766**	5,640
Deferred tax - current	**21,988**	12,631	**21,988**	12,119
Deferred tax - rate change	**(257)**	-	**(257)**	-
STC asset utilised	**2,220**	3,007	**2,220**	3,007
Closing balance	**44,717**	20,766	**44,717**	20,766

13. Trade and other payables

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Trade payables	**329,595**	258,328	**327,714**	258,304
Cash settled Share-based payment	**4,940**	13,783	**4,940**	13,783
Unflown ticket liability	**113,573**	79,972	**113,573**	79,972
Other	**8,653**	4,672	**8,653**	4,672
	456,761	356,755	**454,880**	356,731

Trade creditor terms vary depending on the agreements. An average of 30 days from statement is fair. Average days outstanding is 40 days. Prior year figures have been restated to exclude provisions which are now disclosed seperately. (See note 14).

Unflown ticket liability is all monies received from passengers prior to 30 June 2008 for travel after that date.

Cash Settled share-based payment - Share appreciation rights are granted to certain employees in the group. The fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in liabilities.

14. Provisions

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Leave pay provision	**30,722**	19,640	**30,722**	19,640
Bonus provision	**21,827**	20,380	**21,827**	20,380
	52,549	40,020	**52,549**	40,020

	Group		Company	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000

15. Profit from Operations

Operating expenses are stated after incorporating the following items:

Audit fees	**376**	373	**376**	373
Managerial, technical, administrative and secretarial services	**8,658**	3,408	**8,658**	3,408
Depreciation - aircraft assets	**99,224**	84,001	**99,224**	84,001
Depreciation - other fixed assets	**3,633**	3,140	**3,633**	3,140
Directors emoluments	**6,697**	22,682	**6,697**	22,682
- for services as Directors	**780**	1,350	**780**	1,350
- for managerial and other services	**10,198**	9,198	**10,198**	9,198
- retirement and medical benefits	**973**	708	**973**	708
- share-based payments	**(5,254)**	11,426	**(5,254)**	11,426
Rentals under operating leases	**172,968**	150,531	**172,968**	150,531
- property rentals	**8,843**	7,976	**8,843**	7,976
- aircraft rentals	**163,621**	141,116	**163,621**	141,116
- equipment and vehicle rentals	**504**	1,439	**504**	1,439
Total staff costs	**333,259**	297,860	**333,259**	297,860
Employment costs	**310,206**	280,319	**310,206**	280,319
Contributions to defined contribution funds	**23,053**	17,541	**23,053**	17,541
Number of employees	**1,781**	1,559	**-**	-
Profit on disposal of subsidiary	**-**	8,432	**-**	8,517
Profit on disposal of property, plant and equipment	**-**	64	**-**	64
Profit on exchange differences	**24,010**	47,692	**24,010**	47,692
Ad hoc revenue received on international loyalty programme	**7,658**	-	**7,658**	-
Equity accounting of BEE transaction	**3,428**	3,428	**3,428**	3,428

This amount relates to the BEE Transaction concluded in 2007 and is being equity accounted for (in terms of IFRS2) using the Black-Scholes option valuation model. The principle assumptions in applying the value of the options were as follows:

a. Volatility of 50%
b. 8 years to date of exercise
c. Dividend yield of 5%
d. Risk free rate of 9.15%
e. Strike price of R3.03

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000

16. Share of Loss in Associates

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Share of loss of associates consists of the following item:				
- Retained equity loss	**(350)**	(2,064)	**-**	-

17. Taxation

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Normal tax - current	**6,788**	33,187	**6,788**	32,421
Deferred tax - current	**21,988**	12,119	**21,988**	12,119
Deferred tax - rate change	**(257)**	-	**(257)**	-
STC provision prior years	**10,090**	-	**10,090**	-
STC current	**866**	-	**866**	-
STC asset utilised	**2,220**	3,007	**2,220**	3,007
	41,695	48,313	**41,695**	47,547
Reconciliation of taxation rate	%	%	%	%
South African normal tax rate	**(28.0)**	(29.0)	**(28.0)**	(29.0)
Taxation effect of:				
Exempt income	**1.8**	1.7	**2.0**	1.7
Disallowable expenditure	**(1.6)**	(1.5)	**(1.6)**	(0.6)
Rate adjustment	**0.2**	-	**0.2**	-
STC provision prior years	**(9.7)**	-	**(9.7)**	-
STC asset utilised	**(3.0)**	(1.9)	**(3.0)**	(1.9)
Effective taxation rate	**(40.3)**	(30.7)	**(40.1)**	(29.8)

STC provision prior years - refer note 28.

18. Headline Earnings

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Earnings attributable to ordinary shareholders	**61,803**	109,163	**62,161**	112,060
Less profit on sale of subsidiary	**-**	(8,432)	**-**	(8,517)
Less profit on disposal of property, plant and equipment	**-**	(64)	**-**	(64)
Headline earnings attributable to ordinary shareholders	**61,803**	100,667	**62,161**	103,479
Weighted ordinary shares in issue ('000)	**400,740**	399,517		
Weighted ordinary shares in issue	**420,000**	420,000		
Adjustment in respect of consolidation of share trust	**(19,260)**	(20,483)		
Adjustment for dilutive effect of share options in issue	**4,572**	11,032		
Adjustment for dilutive effect of BEE transaction	**8,921**	26,531		
Diluted weighted ordinary shares in issue ('000)	**414,233**	437,080		
Earnings per share (cents)	**15.4**	27.3		
Headline earnings per share (cents)	**15.4**	25.2		
Diluted earnings per share (cents)	**14.9**	25.0		
Diluted headline earnings per share (cents)	**14.9**	23.0		

	Group		Company	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000

19. Cash Generated by Operations

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Profit from operations	**112,124**	169,768	**112,141**	169,835
Depreciation	**102,857**	87,141	**102,857**	87,141
BEE "Equity Settled Expense"	**3,428**	-	**3,428**	-
Profit on sale of subsidiary	**-**	(8,432)	**-**	(8,517)
Profit on disposal of assets	**-**	(64)	**-**	(64)
Cash from operations before working capital changes	**218,409**	248,413	**218,426**	248,395
(Increase)/decrease in working capital	**(37,694)**	67,314	**(39,671)**	67,424
- Inventory (Increase)/decrease	**(1,359)**	53	**(1,359)**	53
- Accounts receivable (Increase)/decrease	**(152,298)**	20,562	**(152,418)**	22,803
- Accounts payable increase	**115,963**	46,699	**114,106**	44,568
	180,715	315,727	**178,755**	315,819

20. Taxation Paid

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Taxation owing at beginning of year	**4,448**	4,255	**5,221**	4,262
Tax asset of former subsiduary	**-**	7	**-**	-
Taxation charge for the year	**17,744**	33,187	**17,744**	32,421
Taxation receivable/(owing) at end of the year	**5,988**	(4,448)	**5,328**	(5,221)
Taxation paid	**28,180**	33,001	**28,293**	31,462

21. Proceeds on Disposal of Subsidiary

(Refer Note 7.1)

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Sale of loan account	**-**	-	**-**	7,723
Provision diminution	**-**	-	**-**	(1,240)
Profit on sale	**-**	-	**-**	8,517
Net proceeds	**-**	-	**-**	15,000
Property, plant and equipment	**-**	10,732	**-**	-
Trade and other receivables	**-**	3,051	**-**	-
Trade and other payables	**-**	(3,682)	**-**	-
Net fair value of assets	**-**	10,101	**-**	-
Minority shareholders	**-**	(5,150)	**-**	-
Profit on sale	**-**	8,432	**-**	-
Net proceeds	**-**	13,383	**-**	-

22. Retirement Benefits

Post-retirement benefits

The Group contributes to the Evergreen Pension Fund, which is governed by the Pension Funds Act, 1956. The fund covers the majority of its employees and is a defined contribution scheme. Contributions paid by Group companies are charged against income as incurred.

	Group		Company	
	2008 R'000	2007 R'000	**2008 R'000**	2007 R'000
23. Operating Lease Commitments				
Commitments for year one				
Property and buildings	**-**	8,499	**-**	8,499
Aircraft	**167,727**	137,481	**167,727**	137,481
	167,727	145,980	**167,727**	145,980
Commitments for year two to five				
Property and buildings	**-**	21,120	**-**	21,120
Aircraft	**527,152**	310,677	**527,152**	310,677
	527,152	331,797	**527,152**	331,797
Commitments after year five				
Property and buildings	**-**	-	**-**	-
Aircraft	**40,300**	9,720	**40,300**	9,720
	40,300	9,720	**40,300**	9,720
Total operating lease commitments	**735,179**	487,497	**735,179**	487,497

Leasing arrangements - Aircraft

Generally medium term (5 year) leasing agreements on aircraft.

Currently we have 3 aircraft on ZAR payment terms.These leases have reduced lease expenses from R2.9 million to R1.3 million and have been straight lined. There are 3 aircraft leases at market related US$ amounts which have no escalation clauses in the agreements and are repayable at US$ 145,000 each per month. Subsequent to year end we have entered into 2 more leases at US$ 160,000 each per month. These do not have any escalation clauses. These leases are included in our operating lease commitments outlined above

24. Borrowing Powers

There are no restrictions on the Group's borrowing power.

25. Share Incentive Trust

In terms of the staff share incentive scheme, shares are offered on an option or outright sale basis. Options vest over a period of 1 to 5 years (previously this was 1 to 3 years). All options must be taken up by way of purchase by no later than 10 years after the date of grant. The exercise price of the option is not less than the market value of the ordinary shares on the date preceding the day of grant and the option is exercisable provided the participant has remained in the Company's employ until the option vests. In the case of retirement/death/retrenchment, all options immediately vest. Options can be converted into shares or cash or a combination of both, depending on the participant's choice.

In the event of retirement/death/retrenchment of a participant, options may be taken up and converted into cash within 12 months of such an event. The Directors of the Company have the discretion to extend this by a further 12 months. In the case of the resignation of a participant, options, which have vested, may be exercised within 30 days after date of resignation. Options which have not vested will be forfeited.

The staff share incentive scheme is allowed to hold a total of 7.5% (31.5 million shares) of issued share capital in Comair Limited. Currently the scheme holds 4.6% (prior year: 4.9%) of issued share capital. The maximum number of options to be held by any participant in the scheme shall not exceed 1% (4.2 million shares) of the ordinary shares then in issue. The Share Option liability as per IFRS 2 at year end was R4.9 million. (prior year R13.7 million) based on the closing share price of R2 (prior year R3.70).

The following table illustrates the number and weighted average exercise prices of share options held by eligible participants, including Directors:

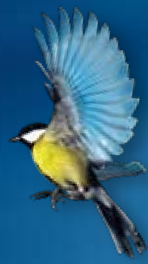
	2008 Number of share options	2008 Weighted average exercise price R	2007 Number of share options	2007 Weighted average exercise price R
Balance at beginning of period	**19,534,569**	**1.51**	12,151,276	0.86
Options accepted	**-**	**-**	13,150,000	1.57
Options exercised	**(1,339,844)**	**0.87**	(5,509,755)	0.89
Options forfeited	**(465,677)**	**1.45**	(256,952)	1.42
Balance at end of period	**17,729,048**	**1.56**	19,534,569	1.51

Share options extended and accepted during the year were done at the ruling market price on the date preceding the extension date.

The options outstanding at 30 June 2008 become unconditional between the following dates:

	Subscription price R	2008 Number of share options	2007 Number of share options
18 September 1998 and 1 January 2002	0.71	**242,480**	303,520
18 September 1998 and 1 January 2002	1.00	**196,268**	298,095
12 January 1999 and 1 January 2002	1.10	**-**	6,364
15 July 1999 and 1 July 2002	1.60	**49,375**	60,625
25 January 2000 and 1 January 2003	2.20	**26,820**	37,275
13 March 2000 and 1 January 2003	2.20	**144,000**	192,000
10 August 2000 and 1 July 2003	2.60	**1,154**	10,385
31 January 2001 and 1 March 2004	1.85	**68,109**	68,109
30 August 2001 and 1 September 2004	1.65	**20,606**	20,606
23 January 2002 and 1 March 2005	1.25	**34,400**	40,000
26 August 2002 and 1 September 2005	0.75	**-**	38,667
4 March 2003 and 1 March 2006	0.75	**-**	317,587
1 September 2004 and 1 September 2007	0.80	**483,336**	1,283,336
26 November 2004 and 26 November 2009	1.25	**187,500**	250,000
5 December 2005 and 5 December 2010	1.70	**3,425,000**	3,458,000
5 June 2006 and 5 June 2011	1.57	**12,850,000**	13,050,000
11 September 2006 and 11 September 2011	1.60	**-**	100,000
Total		**17,729,048**	19,534,569

Should the participant resign from the Company before options fully vest, the unvested portion will be forfeited.



25. Share Incentive Trust (continued)

Share options granted to Directors are as follows:

	2008 Number of share options	2007 Number of share options
Balance at beginning of period	**10,778,882**	6,767,293
Options granted	**-**	7,450,000
Options exercised	**(697,880)**	(3,438,411)
	10,081,002	10,778,882

The options outstanding for Directors at 30 June 2008 become unconditional between the following dates:

	Subscription price R	2008 Number of share options	2007 Number of share options
18 September 1998 and 1 July 2003	1.00	**-**	57,627
4 March 2003 and 1 March 2006	0.75	**-**	306,920
1 September 2004 and 1 September 2007	0.80	**400,002**	733,335
5 December 2005 and 5 December 2010	1.70	**2,231,000**	2,231,000
5 June 2006 and 5 June 2011	1.57	**7,450,000**	7,450,000
Total		**10,081,002**	10,778,882

26. Capital Commitments

Capital commitments for 2008/09 are disclosed in note 4.

27. New Accounting Pronouncements

At the date of authorisation of these financial statements, various standards are in issue which are not yet effective. This includes the following standard which is applicable to the business of the Group and may have impact on future financial statements.

IFRS 8 (Effective for annual periods commencing on or after 1 January 2009)

IFRS8 supercedes IAS 14 - Segment reporting. IFRS 8 requires reporting segmental information of components of an entity, which components are regularly reviewed by an entity's chief operating decision-makers. IAS 14 required identification of segments based on risk and return. IFRS 8 also requires such segments to be reported on using internal reporting rather than using the accounting policies used for external reporting. The Group does not believe that the amendments will have any effect on future financial statements.

28. Contingent Liabilities

Subsequent to year end the Company has received an inquiry from the South African Revenue Service (SARS) relating to the 2004 year of assessment. The first finding relates to STC amounting to R10 million and we have made a provision in our financial statements. In addition, a further query has been raised on interest with a tax effect of R15.2 million. The Company is evaluating its position in this regard.

29. Related Parties

Refer to Directors emoluments on page 22.

Refer to loan accounts and investments in subsidiaries in Note 3.

Freight: Imperial Air Cargo (Pty) Ltd R24 million (prior year R18 million).

Notice of Annual General Meeting

This document is important and requires your immediate attention.

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

Notice of Annual General Meeting

If you are in any doubt as to what action you should take arising from the following resolutions, please consult your stockbroker, banker, attorney, accountant or other professional adviser immediately.

Notice is hereby given that the Annual General Meeting of shareholders of Comair will be held at the Comair Operations Building corner of Fortress and Whirlwind Roads, Rhodesfield, Kempton Park, on Thursday, 30 October 2008 at 12h30 for the following business:

1. To consider and adopt the Annual Financial Statements of the Company for the year ended 30 June 2008 together with the reports of the Directors and auditors contained therein.

2. That the Directors' remuneration policy as set out in the remuneration report contained in the reports and accounts for the year ended 30 June 2008 be and is hereby approved.

3.1 To re-elect the following Directors of the Company:

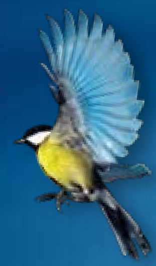
3.1.1 D Novick
3.1.2 RC Sacks
3.1.3 MN Louw
3.1.4 JM Kahn
who retire by rotation at the Annual General Meeting, but, being eligible, offer themselves for re-election.

3.2 To re-elect WD Stander who was appointed as a Director of the Company on 18 June 2008 and who retires at the Annual General Meeting, but being eligible, offers herself for re-election.

A brief curriculum vitae in respect of each Director referred to in 3.1 and 3.2 appears on page 51 of this annual report.

4 To authorise the Directors to re-appoint PKF (JHB) Inc as the Independent Auditors of the Company, and that Mr Ben Frey be appointed as the individual designated auditor for the ensuing year and to determine the remuneration of the auditors.

As special business, to consider and, if deemed fit, pass with or without modification, the following resolutions, those numbered 5 as a Special Resolution, and 6 as an Ordinary Resolution.



Special Resolution

Approval to repurchase shares

5 **"RESOLVED THAT**, as a general approval contemplated in sections 85(2) and 85(3) of the Act, the acquisitions by the Company, and/or any subsidiary of the Company, from time to time of the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the Directors of the Company may from time to time determine, be and is hereby authorised, but subject to the Articles of Association of the Company, the provisions of the Act and the JSE Listings Requirements from time to time, when applicable, and subject to the following limitations, namely that:

5.1 the repurchase of securities being effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party (reported trades are prohibited);

5.2 this general authority shall only be valid until the Company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;

5.3 in determining the price at which the Company's ordinary shares are acquired by the Company in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten per cent) of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the 5 (five) trading days immediately preceding the date of the repurchase of such ordinary shares by the Company. The JSE should be consulted for a ruling if the Company's securities have not traded in such 5 day business day period;

5.4 acquisitions of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty per cent) of the Company's issued ordinary share capital as at the beginning of the financial year;

5.5 the Company and the Group will be in a position to repay its debt in the ordinary course of business for the next 12 months after the date of the general repurchase;

5.6 the assets of the Company and the Group, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the liabilities of the Company and the Group for the next 12 months after the date of the general repurchase;

5.7 the share capital and reserves of the Company and the Group will be adequate for the next 12 months after the date of the general repurchase;

5.8 available working capital will be adequate to continue the operations of the Company and the Group for the next 12 months after the date of the general repurchase;

5.9 the Company may not enter the market to proceed with the repurchase until the Company's sponsor, Rand Merchant Bank (A division of FirstRand Bank Limited), has confirmed the adequacy of the Company and the Group's working capital in writing to the JSE;

5.10 the Company may only undertake a repurchase of securities if, after such repurchase, it still complies with paragraphs 3.37 to 3.41 of the JSE Listings Requirements concerning shareholder spread;

5.11 the Company or its subsidiary may not repurchase securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;

5.12 when the Company has cumulatively repurchased 3% of the initial number of the relevant class of securities, and for each 3% in aggregate of the initial number of that class acquired thereafter, an announcement will be made; and

5.13 the Company may only appoint one agent to effect any repurchase(s) on its behalf."

Other disclosure in terms of the JSE Listings Requirements Section 11.26

The JSE Listings Requirements require the following disclosure, some of which is elsewhere in the annual report of which this notice forms part:

Directors and management – pages 20 and 21
Major shareholders of Comair – pages 53 and 54
Directors' interests in securities – page 20
Share capital of the Company – page 38

Litigation statement

In terms of section 11.26 of the JSE Listings Requirements, the Directors, whose names are given on pages 20 and 21 of the annual report of which this notice forms part ("the annual report"), are, apart from the current South African Revenue Service inquiry, not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the Group's financial position.

Directors' responsibility statement

The Directors, whose names are given on pages 20 and 21 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution contains all information required by law and the JSE Listings Requirements.

Material change

Other than the facts and developments reported on in the annual report, there have been no material changes in the financial or trading position of Comair and its subsidiaries since the date of signature of the audit report and the date of this notice.

The Directors of the Company have no specific intention to effect the provisions of the Special Resolution but will, however, continually review this position having regard to prevailing circumstances and market conditions, in considering whether to effect the provisions of the Special Resolution.

Reason for and effect of the Special Resolution

The reason and effect for the special resolution is to authorise the Company by way of a general authority to acquire its own issued shares and/or its subsidiary Company on such terms, conditions and such amounts determined from time to time by the Directors of the Company by the limitations set out above.

Ordinary Resolution

Authorisation for Company Secretary or any Director to sign necessary documents to give effect to resolutions

6. **"RESOLVED THAT** the Company Secretary or any Director be and is hereby authorised on behalf of the Company to sign all documents as may be necessary in order to give effect to the Special and Ordinary Resolutions."

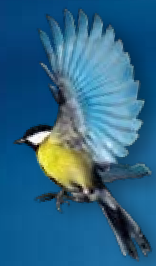
Other Business

7. To transact such other business as may be transacted at an Annual General Meeting.

Voting and Proxies

A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a shareholder of the Company. For the convenience of registered shareholders of the Company, a form of proxy is enclosed herewith.

Forms of proxy must be lodged with or posted to the Company's Transfer Secretaries Computershare Investor Services (Pty) Limited, PO Box 61051, Marshalltown, 2107, to be received not later than 48 hours (excluding Saturdays, Sundays and public holidays) before the time appointed for the holding of the Annual General Meeting, being Thursday, 30 October 2008, at 12h30. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting.



On a show of hands, every shareholder of the Company present in person or represented by proxy shall have one vote only. On a poll, every shareholder of the Company shall have one vote for every share held in the Company by such shareholder.

The attached form of proxy is only to be completed by those shareholders who are:

- holding Comair ordinary shares in certificated form; or
- are recorded on the electronic sub-register in "own name" dematerialised form.

Shareholders who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker and wish to attend the annual general meeting, must instruct their CSDP or broker to provide them with a Letter of Representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement/mandate entered into between them and the CSDP or broker.

By order of the Board

Derek H. Borer
Company Secretary

Date: 15 September 2008
Place: Bonaero Park

Directors Standing for Election or Re-election

1. D Novick (Age: 70)

"Dave", as he is called in the Aviation industry, joined Comair as Company Secretary/Accountant in 1961. He was appointed Commercial/General Manager in 1966 and Managing Director in 1971. Following a management buy-out in 1976, he was appointed Chairman of Comair. He has considerable experience in the Aviation industry. He has served on numerous commissions and committees to advise the Government on transport and aviation matters.

2. RC Sacks (Age: 58)

Rodney was a partner at Werksmans Attorneys, Johannesburg, between 1976 and 1989, specialising in corporate law and litigation. He is currently Chairman, Chief Executive Officer and Director of Hansen Natural Corporation, a public company based in California, USA. Hansen Natural Corporation, through its subsidiary Hansen Beverage Company, is one of the leading marketers and distributors of alternative beverages in the USA. Prior to the acquisition of Hansen Beverages business in 1992, Rodney was the Chairman and Chief Executive Officer and Director of the listed holding Company.

3. JM Kahn (Age: 69)

Meyer joined the South African Breweries Group in 1966 and occupied executive positions in a number of the Group's former retail interests before being appointed to the board of South African Breweries Limited (SAB) in 1981. He was appointed Group Managing Director of SAB in 1983 and Executive Chairman in 1990. In 1997, he was seconded full-time to the South African Police Service as its Chief Executive, serving for two and a half years. In 1999 he was appointed Chairman of the plc Company on its London listing. Amongst other awards, he holds an honorary doctorate in commerce from the University of Pretoria and was awarded the South African Police Star for Outstanding Service (SOE) in 2000.

4. MN Louw (Age: 53)

Martin started his career with the SA Air Force in January 1973, as a pupil pilot. He spent 22 years in the SAAF as a fighter pilot, flight instructor, staff officer and project officer for airborne weapons systems, rising to the rank of Lieutenant Colonel. In 1994 he resigned from the SAAF and joined Kentron as international marketer and later IST as project manager. He joined Comair as a first officer in 1996 and has since served as Chief Training Captain and Fleet Captain on B727, before becoming an Executive Manager and currently Director Flight Operations. Martin still flies actively as a captain on the B737.

5. WD Stander (Age: 42)

Wrenelle Stander has held a number of senior executive positions, as well as leadership positions within the South African civil aviation industry over the last eleven years. For the last three years, she served as the Chief Executive Officer at the Air Traffic and Navigation Services Company, South Africa. She recently joined Sasol Limited as part of Group Management. Prior to joining the aviation industry Wrenelle served in senior postions in the South Africa energy NGO sector. She has a BA (Hons) degree from the University of Cape Town, as well as a Masters degree in Business Administration from Oxford Brookes University in the United Kingdom.

Share Price Performance

	2008	2007
Market Price (cents per share)		
Closing (30 June)	**200**	370
High	**372**	430
Low	**200**	130
Closing Price / Earnings Ratio	**12.2**	14.8
Number of Shares in Issue		
At year end (millions)	**420**	420
Weighted Average (millions)	**420**	420
Volume of Shares traded (millions)	**38**	132
Volume of Shares traded to number in issue	**9.1%**	31.4%

Shareholder Analysis

1 Shareholder Spread

Bands	No. of Shareholdings	%	No. of Shares	%
1 – 1,000 Shares	1,936	61.27	613,287	0.15
1,001 – 10,000 Shares	895	28.32	3,499,018	0.83
10,001 – 100,000 Shares	244	7.72	8,195,396	1.95
100,001 – 1,000,000 Shares	58	1.84	16,290,989	3.88
1,000,001 Shares and Over	27	0.85	391,401,310	93.19
	3,160	100.00	420,000,000	100.00

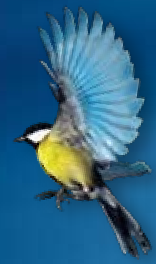
2 Distribution of Shareholders

Type of Shareholder	No. of Shareholdings	%	No. of Shares	%
Banks	9	0.29	9,356,360	2.23
Close Corporations	32	1.01	1,005,542	0.24
Endowment Funds	4	0.13	511,000	0.12
Hedge Funds	3	0.09	934,794	0.22
Individuals	2,865	90.66	12,613,029	3.00
Insurance Companies	5	0.16	11,050,359	2.63
Investment Companies	6	0.19	535,958	0.13
Medical Aid Schemes	1	0.03	668	0.00
Mutual Funds	36	1.14	78,308,420	18.65
Nominees and Trusts	86	2.72	4,877,699	1.16
Other Corporations	31	0.98	391,953	0.09
Pension Funds	20	0.63	15,543,160	3.70
Private (Pty) Companies	58	1.84	209,822,831	49.96
Public Companies	3	0.10	55,850,823	13.30
Share Trust	1	0.03	19,197,404	4.57
	3,160	100.00	420,000,000	100.00

3 Holdings of 3% or More

The following shareholders hold more than 3% of the issued share capital of the Company.

Shareholder	No. of Shares	% Shareholding
BB Investment Company (Pty) Limited	104,730,297	24.94
Britair Holdings Limited	53,996,623	12.85
Innercreek Investments (Pty) Limited	43,529,480	10.36
Jetcreek Investments (Pty) Limited	33,529,480	7.98
Oasis Crescent Equity Fund	20,963,110	4.99
Alan Gray Equity Fund	20,720,378	4.93
Oakbay Investments (Pty) Limited	20,000,000	4.76
Comair Share Incentive Trust	19,197,404	4.57



The Company concluded a Black Economic Empowerment (BEE) transaction during the 2006/07 financial year, pursuant to which shares equivalent to 15% of the Company's post transaction share capital were issued to a BEE consortium known as Thelo Aviation Consortium (Pty) Limited, led by Thelo Aviation Investments (Pty) Ltd. Thelo Aviation Investments (Pty) Ltd has in addition purchased 1.5% of the Company's issued share capital from certain shareholders for cash. Refer to the Circular to Ordinary Shareholders issued on 23 August 2006 for further information relating to the BEE transaction.

4 Public/Non Public Shareholder Spread (Including Resident and Non-Resident Shareholding)

Shareholder Type and Number of Shares	Number of Shareholders in South Africa		Number of Shareholders other than in South Africa		Total Shareholders	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Non Public Shareholders						
Directors (9)	84,724,037	20.17	-	-	84,724,037	20.17
	-	-	-	-	-	-
Strategic Holdings (More than 10%)	-	-	-	-	-	-
BB Investment Company (Pty) Ltd (1)	104,730,297	24.94			104,730,297	24.94
Britair Holdings Limited (1)	-	-	53,966,623	12.85	53,966,623	12.85
Share Trusts						
Comair Share Incentive Trust (1)	19,197,404	4.57	-	-	19,197,404	4.57
Public Shareholders						
Resident (3 125)	147,860,986	35.20	-	-	147,860,986	35.20
Non-Resident (23)	-	-	9,520,653	2.27	9,520,653	2.27
Total (3 160)	**356,512,724**	**84.88**	**63,487,276**	**15.12**	**420,000,000**	**100.00**

The spread of public shareholders in terms of paragraphs 4.26, 4.27 and 4.28 of the Listing Requirements of the JSE at 30 June 2008 was 37.47% represented by 3,148 shareholders holding 157,381,639 ordinary shares in the Company.

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

Form of Proxy

Form of Proxy for Annual General Meeting

The Form of Proxy is Only to be Completed by Those Shareholders Who are:

- holding Comair ordinary shares in certificated form; or
- are recorded on the electronic sub-register in "own name" dematerialised form.

Shareholders who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker and wish to attend the annual general meeting, must instruct their CSDP or broker to provide them with a Letter of Representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement/mandate entered into between them and the CSDP or broker. Forms of proxy must be lodged with or posted to the Company's Transfer Secretaries to be received not later than 48 hours (excluding Saturdays, Sundays and public holidays) before the time appointed for the holding of the Annual General Meeting, being, Thursday, 30 October 2008 at 12h30. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting.

I/We (BLOCK LETTERS) ____

of (address) ____

____

Telephone: (Work) (area code) ____________________Telephone: (Home) (area code) ____________________

being a holder of ____________________ certificated shares and "own-name" dematerialised shares of the Company and entitled to ____ hereby appoint (see Note 1):
(Please print)

1.______________________________ or failing him/her
2.______________________________ or failing him/her
3.______________________________ the Chairman of the Annual General Meeting

as my/our proxy to vote for me/us at the Annual General Meeting which will be held for the purpose of considering, and, if deemed fit, passing, with or without modifications, the resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for/or against the resolutions and/or abstain from voting in respect of the shares in the issued share capital of the Company registered in my/our name/s (see note 2) as follows:

		Number of votes		
		For	Against	Abstain
1	To consider and adopt the Annual Financial Statements			
2	To approve the Director's remuneration policy			
3	To re-elect the following Directors:			
	D Novick			
	RC Sacks			
	JM Kahn			
	MN Louw			
	WD Stander			
4	To re-appoint PKF (JHB) as the Independent Auditors, and Mr Ben Frey as individual designated auditor for the ensuing year and determine the auditor's remuneration			
5	Special Resolution: approval to repurchase shares			
6	Ordinary Resolution: authorisation for Company Secretary or any other Director to sign necessary documents to give effect to resolutions and generally to act as my/our proxy at the said Annual General Meeting			

(Please indicate with an "X" whichever is applicable. If no direction is given, the proxy holder will be entitled to vote or abstain from voting as the proxy holder deems fit.)

Signed at ____________ ***on this*** ________ ***day*** ____________ ***of*** ______________________ ***2008***

Signature/s ____ assisted by me (where applicable)
Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder/s of the Company) to attend, speak and vote in place of that shareholder at the Annual General Meeting.
Please read the notes on the reverse side hereof

Notes to the Form of Proxy

1. A certificated shareholder or "own-name" dematerialised shareholder may insert the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the Chairman of the Annual General Meeting". The person whose name appears first on the form of proxy and whose name has not been deleted will be entitled and authorised to act as proxy to the exclusion of those whose names follow.

2. A shareholder's instructions to the proxy must be indicated by the insertion of an "X" in the appropriate box provided. Failure to comply herewith will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. Where the proxy is the Chairman, such failure shall be deemed to authorise the Chairman to vote in favour of the resolutions to be considered at the Annual General Meeting in respect of all the shareholder's votes exercisable thereat.

3. The completion and lodging of this form will not preclude the relevant shareholders from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so. Forms of proxy must be lodged with or posted to the Company's Transfer Secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received not later than 48 hours before the annual general meeting, being Thursday, 30 October 2008 at 12h30.

4. The Chairman of the Annual General Meeting may accept or reject any form of proxy which is completed and/or received other than in accordance with these notes and instructions, provided that the Chairman is satisfied as to the manner in which the shareholder wishes to vote.

5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative or other legal capacity such as a power of attorney or other written authority must be attached to this form unless previously recorded by the Transfer Secretaries of the Company or waived by the Chairman of the Annual General Meeting.

6. The Chairman shall be entitled to decline to accept the authority of a person signing the proxy form:

   (a) under a power of attorney; or
   (b) on behalf of a company,

   unless that person's power of attorney or authority is deposited at the principal place of business of the Company as set out in Note 3 not less than 48 hours before the holding of the Annual General Meeting.

7. An instrument of proxy shall be valid for any adjournment or postponement of the Annual General Meeting, unless the contrary is stated therein, but shall not be used at the resumption of an adjourned Annual General Meeting if it could not have been used at the Annual General Meeting from which it was adjourned for any reason other than that it was not lodged timeously for the meeting from which the adjournment took place.

8. A vote cast or act done in accordance with the terms of a form of proxy shall be deemed to be valid notwithstanding

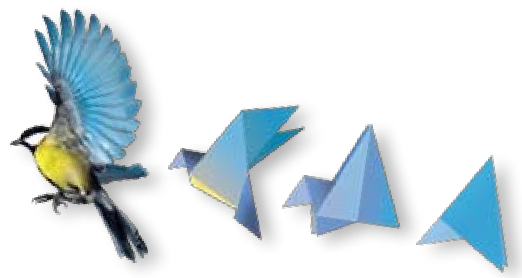
   (a) the previous death, insanity or any other legal disability of the person appointing the proxy; or
   (b) the revocation of the proxy; or
   (c) the transfer of a share in respect of which the proxy was given,

   unless notice as to any of the above-mentioned matters shall have been received by the Company at its principal place of business as set out in Note 3 or by the Chairman of the Annual General Meeting if not held at the principal place of business of the Company, before the commencement or resumption (if adjourned) of the Annual General Meeting at which the vote was cast or the act was done or before the poll on which the vote was cast.

9. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company's Transfer Secretaries.

10. Where shares are held jointly, all joint holders are required to sign the form of proxy.

11. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.



Administration

Registered office
1 Marignane Drive
Bonaero Park
1619

Principal Place of Business
1 Marignane Drive
Bonaero Park
1619

Transfer Secretaries
Computershare Investor Services (Proprietary) Limited
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70 Marshall Street
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2001
(PO Box 61051, Marshalltown, 2107)

Comair Limited

K-6199 [www.kashangroup.com]