Annual Report 2009

(Incorporated in the Republic of South Africa)
(Registration number: 1967/006783/06)
JSE Share code: COM
ISIN number: ZAE000029823 ("Comair")

Formula for Success

The Comair Limited Formula for Success.

WE identified the **TOP-LINE** issues -
WE have to have and
WE identified the **BOTTTOM-LINE** issues -
WE have to eradicate.

WE voted on the most important issues
WE came up with the idea to create **ICONS**
WE will score the **ICONS** regularly
AND
If **WE** live by our formula for success
WE will grow stronger, healthier and even more successful.

=one successful formula

A great place to work

Creating a high performing environment involving motivating ourselves and others. We look out for and invite each other to 'come fun with us' while we celebrate our success past, present and future.

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Chairman and Joint CEO's Report

Overview

The team at Comair has once again delivered operational and service excellence, thereby achieving good financial results in difficult trading conditions. This extends our airline industry world record to 64 consecutive years of operating profitability. We thank our loyal staff and customers for their support throughout the year.

During the year we experienced extreme volatility on the cost side as well as softer demand as a result of the recession. In the first half of the year, the oil price reached an all time peak of $147 per barrel, thereby constraining profits and subsequently retreated to a low of under $40 per barrel in the second half. Improvements in operating efficiency as well as a strong performance from our business extensions have contributed positively to our performance this year.

Financials

Turnover growth of 13% was driven mainly by higher ticket prices in the first half, as a result of the high oil price at the time. Our strong brands enabled us to keep our volumes steady even though the overall market declined by 10%. The 27% growth in headline earnings per share is encouraging, but still short of our own targets for the business. Our strong balance sheet and excellent cash flow have continued to provide insulation during difficult times.

Our People

We continued to make significant investments in the development of our 1,782 people. Our 'Think Vision' formula for success is now widely understood among all our staff and the organisation is regularly measured against these principles. In addition, our performance management system, 'On Track', is now in place throughout the organisation and places specific focus on business unit goals. The 'Precious Cargo' well being programme has had an excellent take up with approximately 50% of staff and management accessing the 24 hour health, wealth and personal assistance service. Our continuous focus on learning and development was enhanced by the introduction of the CEO's Leadership Development Programme (CELD), a mini MBA style programme for high potential employees. The CELD programme was delivered in partnership with the Gordon Institute of Business Science and produced 27 graduates during the year. Our transformation efforts have resulted in great diversity being achieved in the Company and our employment equity targets for the period have been exceeded.

Fleet

The fleet upgrade programme of the past few years has largely contained the impact of high jet fuel costs. We anticipate that with the recovery of the global economy, commodity prices will once again rise and we are therefore proceeding with the next phase of our fleet replacement programme. After year end we announced our intention to upgrade our fleet to Next Generation Boeing 737-800 aircraft, which will contribute further to operational efficiency and environmental sustainability.

Flight Safety

We continue to focus on safety as our first priority, and an excellent safety record was achieved during the year. Our safety standards remained more stringent than those mandated by the South African Civil Aviation Authority (CAA). Our IATA Operational Safety Audit (IOSA) accreditation has been renewed and excellent reports were received following the annual safety audit carried out by British Airways.

Efficiency Programme

A programme was launched early in the year to revisit all business processes to identify opportunities for greater operational efficiency. Teams throughout the organisation were tasked with identifying and implementing these projects, and the results of their efforts have been astounding. During the year R160 million worth of recurring annual savings was achieved. These initiatives included fuel saving procedures which have cut our fuel burn per flight by 5%, a reduction in our distribution costs of over 50%, and a reduction in general overheads of 12%. The reduction of our cost base, as well as the future efficiencies we have identified, will ensure an industry leading cost base in South Africa and a cost per seat comparable with the lowest cost operators internationally.

Service Delivery

The efforts of our front line teams helped ensure another good year for service delivery. We achieved overall on-time performance of 82% which remains a key area of focus for improvement. We scored well on our leading customer indicators on both our brands - British Airways (BA) achieving an 'overall satisfaction' of 81% and kulula scoring 89% on 'smiling with overall experience'. Our customers further recognised us during the year by voting BA best airline at all the major airports. We were also nominated as the number one (BA) and two (kulula) airline brands by business

think vision =one successful formula

Passion for service

We're in the service delivery business, so quick responses and delivery on our promises, set us apart. We are always willing to go the extra mile. We do what we love and love what we do. This dedicated and committed passion radiates outwards, creating raving fans of our customers.

travellers in the Sunday Times Annual Brands Survey. While we have delivered well to our customers and have a strong and loyal customer base, we will continue to invest in our customer service to achieve our objective of being recognised as the leading customer service business in South Africa.

Business Development

Our strategy to diversify our earnings outside of the airline operation is progressing well and contributed to our profit for the year. The top performers were our flight training and our on-line travel businesses, both achieving excellent results. We will continue to invest in aligned business opportunities.

Social Responsibility

Our team remained committed to helping and uplifting communities around us. Our programme to assist South African Police Services (SAPS) employees and their families to travel around the country continues to get a great take up in this community. Our Project Green initiative to invest in the greening of poor public schools continued to get great support form our kulula customer base. Closer to home, our affiliation with the Reiger Park Community was strengthened with many of our staff getting actively involved in giving of their time and money to uplift this east rand community near our Head Office, which also serves as an important source of labour for our Gauteng based operations.

Industry Challenges

State owned businesses continue to pose a major threat to the future of our industry. SAA and its subsidiary, Mango, our main competitors, continued to sell tickets at well below their operating costs and received another bailout of R1.6 billion during the year. The total taxpayer bill for these airlines over the past five years is now in excess of R17 billion, with no clear indications that this trend will change. During the past year one of our local competitors, Nationwide, went into liquidation. This brings to six the number of domestic airlines that have been unable to hold out against the state-subsidised competition since deregulation. We will continue to oppose the anti-competitive behaviour of these airlines by any means available.

A further major concern is the financial crisis in which the state airport operator ACSA, finds itself. Much of their expenditure has been wasted on unnecessary and unproven projects like the new Durban airport at La Mercy, which has been opposed by the aviation industry since its inception. We will fight to protect travellers against excessive charges being levied against them as a result of this crisis.

Looking Ahead

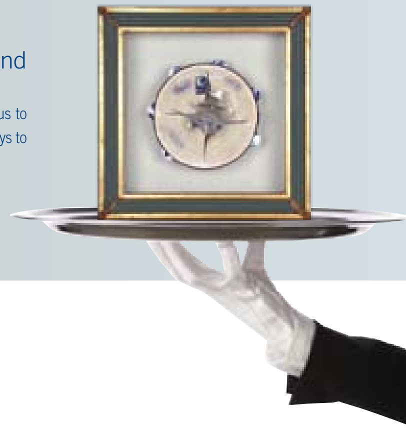
Airline earnings will continue to be impacted by the volatile fuel price, anti-competitive behaviour from state-funded airlines, and the recessionary environment. Our commitment to build safe, reliable and profitable airlines in Southern Africa remains paramount.

Five-Year Review
for the year ended 30 June 2009

	2009 R'000	2008 R'000	2007 R'000	2006 R'000	2005 R'000
Group Income Statement					
Revenue	**3,048,782**	2,688,488	2,211,743	1,973,245	1,713,583
Operating expenses	**(2,920,083)**	(2,576,364)	(2,041,975)	(1,840,099)	(1,602,833)
Profit from operations	**128,699**	112,124	169,768	133,146	110,750
Net investment expense	**(14,935)**	(8,626)	(12,292)	(17,272)	(12,144)
Profit before taxation	**113,764**	103,498	157,476	115,874	98,606
Taxation	**(40,715)**	(41,695)	(48,313)	(37,074)	(25,863)
Profit for the year	**73,049**	61,803	109,163	78,800	72,743
Group Balance Sheet as at 30 June					
Assets					
Property, plant and equipment	**912,043**	866,750	676,029	503,455	419,894
Available-for-sale investments	**131,580**	110,160	88,740	67,320	45,900
Deferred taxation	**-**	-	-	-	6,094
Current assets	**657,163**	465,519	379,516	488,777	335,945
	1,700,786	1,442,429	1,144,285	1,059,552	807,833
Equity and liabilities					
Share capital and reserves	**517,722**	459,942	425,531	368,061	308,274
Interest-bearing liabilities	**360,582**	360,333	259,952	296,281	177,740
Deferred taxation	**68,310**	44,717	20,766	5,128	-
Current liabilities	**754,172**	577,437	438,036	390,082	321,819
	1,700,786	1,442,429	1,144,285	1,059,552	807,833
Salient features					
Operating margin (%)	**4.2**	4.2	7.7	6.7	6.5
Earnings margin (%)	**2.4**	2.3	4.9	4.0	4.2
Earnings per share (cents)	**18.2**	15.4	27.3	19.7	18.2
Headline earnings per share (cents)	**19.6**	15.4	25.2	19.7	16.4
Weighted ordinary shares issued ('000)	**400,814**	400,740	399,517	399,412	399,441
Weighted ordinary shares in issue	**420,000**	420,000	420,000	420,000	420,000
Adjustment in respect of consolidation of Share Trust	**(19,186)**	(19,260)	(20,483)	(20,588)	(20,559)

Financially sound

A strong awareness that happy customers equals profits encourages us to take a long term view on financial matters and to constantly look for ways to save money and lower costs.



Group Value Added Statement
for the year ended 30 June 2009

	2009 R'000	%	2008 R'000	%
Wealth Created				
Group revenue	3,048,782		2,688,488	
Cost of materials and services and other adjustments	(2,433,223)		(2,167,701)	
Value added	615,559		520,787	
Interest income	25,540		22,454	
Total value added	641,099		543,241	
Wealth Distributed				
Employees				
Salaries, wages and related benefits	404,682	63	333,259	61
Providers of capital				
Interest on loans	49,138	8	37,668	7
Dividends paid to shareholders	-	-	36,067	7
Government				
Taxation expense	8,356	1	7,654	1
Re-invest in the Group	178,923	28	128,593	24
Depreciation	105,874		102,857	
Retained income	73,049		25,736	
	641,099	100	543,241	100

Dignity and respect

Our employees work best when respected and we strive to be reasonable and considerate. It is vital that we be willing to listen and to treat company assets like our own. Respect views and beliefs of others and treating others as we would wish to be treated creates an environment of trust and respect for all colleagues.

Corporate Governance

Introduction

Corporate governance is the ethical framework of business philosophy. This is evidenced throughout the Company, 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 throughout the financial year under review, it has, other than as set out below, complied in all material aspects with the principles of the King II Report and the provisions as set out in the Listing Requirements of the 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; and
- 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.

Dealing in Securities

The Company has a policy in place to ensure that the Directors and senior management do not trade in the Company's shares during price-sensitive or closed periods. In terms of the Company's policy, closed periods commence from the last day of the financial year or the last day of the end of the first six month period of the financial year up to the date of the publication of the annual or interim results of the Company. Directors are required to obtain approval from the Chairman or a designated Director before dealing in any securities.

Conflict of Interest

All Board members and the Company Secretary are required to disclose their shareholding in the Company, other directorships and potential conflicts of interest. Where potential conflicts of interest exist, Directors are expected to recuse themselves from relevant discussions and decisions.

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 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 23 to 24. 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 2009, the Board comprised of six independent Non-executive Directors, six non-independent Non-executive Directors and five Executive Directors as defined in the listing requirements of the JSE.

The Board is considered to be appropriately skilled with regard to its responsibilities and the activities of the Company. Newly appointed Directors are informed of their fiduciary duties and in this regard are provided with guidelines regarding their duties and responsibilities as Directors. 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; and
- Settling principles for recommending the use of external auditors for non-audit services.

To fulfil their responsibilities adequately, Directors have unrestricted access to timely financial and other information, records and documents relating to the Company and the Group and have free access to senior management and the Company Secretary. During the financial year under review, the Board received presentations from senior executive management enabling it to explore specific issues and developments in greater depth. Individual Directors may, after consulting with the Chairman or the CEOs, seek independent professional advice, at the expense of the Company, on any matter connected with the discharge of his/her responsibilities as a Director.

The Board meets at least four (4) times a year with the proviso that additional meetings could be called when certain important matters arise.

Under the Company's Articles of Association, a third of the Directors retire by rotation each year and are eligible for re-election by shareholders at the annual general meeting. Details of the Directors retiring by rotation are set out in the notice of annual general meeting.

The Chairman is a Non-executive Director. In addition to playing an active role within the Company, he provides guidance to the Board as a whole and ensures that the Board is efficient, focussed and operates as a unit. He acts as a facilitator at Board meetings to ensure a flow of opinions, and attempts to lead discussions to optimal outcomes in the interests of good governance.

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 name of the Company Secretary appears on page 19.

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

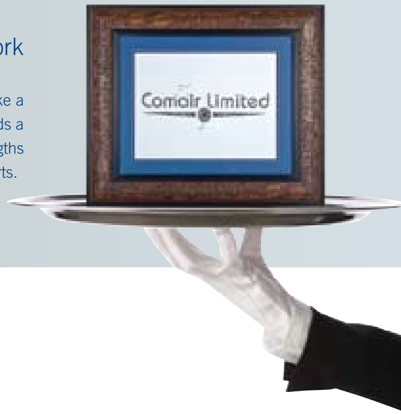
The Board Committees have specific terms of reference, appropriately skilled members, membership by Non-executive Directors who act independently, Executive Directors and Executive Management participation and access to specialist advice when considered necessary.

Audit and Risk Management Committee

The role of the Audit and Risk Management Committee is to review the Company's financial position and make recommendations to the Board on all financial matters, risks facing the business, internal controls and compliance. The Chairman of the Committee reports on the Committee's activities at each Board meeting.

Teamwork

We encourage our staff to be great people to work with. To make a proactive contribution, break down the barriers and work towards a common purpose. We recognise and utilise each other's strengths and understand that the whole is greater than the sum of its parts.



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: Finance, Internal Auditor and External Auditors attend the Audit and Risk Management Committee Meetings by invitation. The Committee held three (3) meetings during the review period.

Composition of the Audit and Risk Management Committee and attendance

Membership		Attendance
Chairman:	Dr PJ Welgemoed	3/3
Members:	Mr KI Mampeule	3/3
	Ms WD Stander	3/3

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 announcements;
- 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; and
- Recommend principles for the use of external auditors for non-audit services.

As required by the JSE Listing Requirement 3.84(h), the Audit Committee is satisfied that the Financial Director has appropriate expertise and experience.

Nominations Committee

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

This Committee, together with the Remuneration Committee, considers the issue of succession planning at Executive Director 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:	Mr JM Kahn	1/1
Members:	Mr RC Sacks	0/1
	Mr AK Buchanan	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, the CEOs and Executive Directors;
- Review the Board structure, size and composition and make recommendations with regard to any adjustments deemed necessary; and
- Ensure that Board appointment policies and procedures are formal and transparent and a matter for the Board as a whole, and that such appointment policies and procedures are reviewed and updated when necessary.

Remuneration Committee

The members of this Committee, who 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:	Mr JM Kahn	1/1
Members:	Mr RC Sacks	0/1
	Mr AK Buchanan	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 25.

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 Director's 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; and
- Review employment equity and skills development plans.

Discharge of Responsibilities

The Board is of the view that the Committees 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. Risk registers are used to identify, assess and monitor the risks faced by the Company. 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.

In addition to the foregoing, the Company recognises the need for a confidential reporting process ("whistle blowing") covering fraud and other risks. In line with its commitment to transparency and accountability, the Company takes action against employees and others who are guilty of fraud, corruption and other misconduct. Procedures are in place for the independent investigation of matters reported and for appropriate follow up action.

Internal Control

The Board is responsible for 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.

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 the effectiveness of the applicable operational activities, the attendant business risks and the systems of internal control, so as to bring material deficiencies, instances of non-compliance and development needs to the attention of the Audit and Risk Management Committee, external auditors and operational management for resolution. The internal auditor co-ordinates with the external auditors to ensure proper coverage and to minimise duplication of effort. Internal audit plans are tabled at the Audit and Risk Management Committee meetings and follow up audits are concluded in areas where weakness is identified. The internal audit plan, approved by the Audit and Risk Management Committee, is based on risk assessments, which are of a continuous nature so as to identify not only existing and residual risk, but also emerging risks and issues highlighted by the Committee and senior executive management.

External Audit

The independence of the External Auditors is recognised. The Audit and Risk Committee meets with 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 Honeycomb.

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 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) It brings 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) It has 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 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 needs 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, 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 81%. 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 four years, Comair has run an extremely successful recruitment and training programme, in conjunction with the Reiger Park Community and the Springs FET College, for previously disadvantaged individuals throughout the East Rand. This programme has resulted in the training of 93 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 has joined the Ikusasa Lami programme (a Gauteng Government skills development initiative) to introduce matriculants to opportunities for training and employment in the airline industry;
- 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; and
- At National level, Comair is represented on the TETA by primary and secondary Management Committee members, who assist with the formulation of policy, standards and the achievement of skills development targets.

Market leaders

To be creative and innovative means we are the first to market. World class standards and initiatives allow us to understand the customer and the market. It's about big picture thinking, and having a healthy paranoia of falling behind keeps us ahead.

The Company demographics as at 30 June 2009 were as follows:

Occupational levels	Designated							Non-designated			TOTAL
	Male			Female				White Male	Foreign Nationals		
	B	C	I	B	C	I	W	W	Male	Female	
Top management	-	-	-	-	-	-	-	2	-	-	2
Senior management	-	-	2	-	-	-	2	8	-	1	13
Professionally qualified and experienced specialists and mid-management*	2	1	1	6	3	7	46	130	1	-	197
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents*	123	61	38	282	147	65	284	171	2	5	1,178
Semi-skilled and discretionary decision making	61	22	14	122	45	47	50	21	1	3	386
Unskilled and defined decision making	2	-	-	19	-	-	-	-	-	-	21
Total permanent	**188**	**84**	**55**	**429**	**195**	**119**	**382**	**332**	**4**	**9**	**1,797**
Non-permanent employees	**1**	**3**	**2**	**7**	**3**	**2**	**1**	**-**	**-**	**-**	**19**
Grand total	**189**	**87**	**57**	**436**	**198**	**121**	**383**	**332**	**4**	**9**	**1,816**

* *Professionally qualified and the skilled technical and academically qualified occupational levels includes the Company's pilot pool where there is a lack of qualified personnel from the designated groups in the Republic of South Africa.*

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 in managing local air quality.

Aircraft noise

Annoyance and sleep disturbance are the most commonly reported adverse effects 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 resulted in 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 ten (10) Boeing 737-400 aircraft, nine (9) Boeing 737-300 aircraft and four (4) 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.

The Company has introduced an aircraft fuel savings programme and through effective management by the Company aircraft operations department and the Company's pilots, the average fuel consumed per flight has been decreased by 5% (five per cent) since July 2009.

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 remain a number one priority and safety standards remain paramount. The Company maintains an IATA Operational Safety Audit (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.

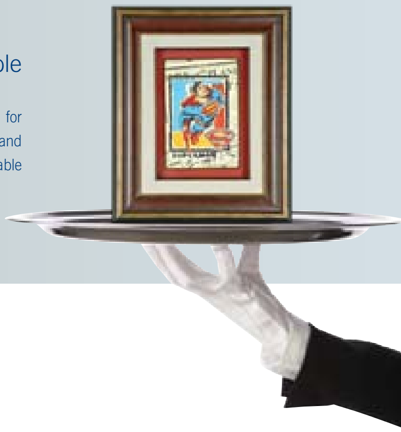
The first project to be completed was the *Think Vision* programme which entailed the representation of the Company's core values depicted in a formula for success whose principles now form the basis of how the Company will continue to achieve success. Every member of the Comair team was involved in 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 with 24 hour access to a helpline managed by professionals offering advice and support on issues ranging from health and wealth, to 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. Seventy-two per cent (72%) 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 1,776 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 93 school leavers since 2006 and employed 79 of these promising young adults. Most of these individuals have come from the Ekurhuleni community.

Comair's commitment to transformation continues, with the Company's Employment Equity (EE) forum consulting regularly with management and staff. 860 staff members underwent diversity 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 customer needs, Comair conducts monthly onboard research through 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 its responsibility should not just contribute a cost, but is rather a duty and an obligation to help those less fortunate and to make a positive impact on 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 through its two brands:

(a) The British Airways brand

British Airways Kids

In partnership with the Reiger Park Community Crisis Centre, aid is given to the Orphans and Vulnerable Children (OVC) from the surrounding areas, many of whom are from child-headed households and have been infected and/or affected by HIV/AIDS.

1. *Visit to the beach*

   On 19 August 2008, British Airways Comair gave the 30 orphans and five Caregivers from the Reiger Park Community Centre an opportunity of a lifetime.

   The kids were flown from Johannesburg to Durban for a day of sun, fun and a lot of excitement at the beach. Burgers, chips, soft drinks and ice cream on the beach added to the kids' excitement. Everyone was given a BA Kids branded backpack and towel.

   Fifteen Comair staff members volunteered to accompany the kids to Durban and they truly put their hearts into entertaining and looking after the orphans for the day.

2. *Fashion show*

   A fashion show hosted by Woolworths and Comair was held on Saturday 23 August 2008 at the EastRand Mall in Johannesburg. Approximately 540 OVCs represented the majority of beneficiaries of the Community Crisis Center (CCC) by taking part in the fashion show.

   Comair had six staff members showing off the Woolworths clothes and one of the staff members entertained the audience by performing a song.

Together with Woolworths and the CCC, Comair contributed to the communication that the CCC is indeed a safe place for the OVC. The parental guidance the OVC receive will grant them the wisdom to overcome their circumstances, and the noble contribution Comair makes, grants the OVC the grace they deserve, to experience the charms of an extraordinary life.

3. *Christmas in March*

   In March 2008, 400 of the poorest kids from east rand communities were hosted at a 'Christmas Party in March'. Over 850 gifts were collected by the Comair staff and handed to the kids at the party. Comair made a financial as well as a selfless individual contribution to the community.

   The Comair pilots handed over a cheque of R10,000 to the Reiger Park Community Crisis Centre and a number of staff members offered their time to spend with the kids at the party.

(b) The kulula brand

Project Green

This kulula project which is in its second year, centred on raising money to care for the environment while also offsetting our aircraft 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 trees planted on their premises and one is enjoying a new soccer field thanks to money raised from customer and company donations. We have planted a total of 1,584 trees to date and raised R898,980 on-line from fans who have chosen to make a contribution to greening in order to off-set their own carbon usage.

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 of 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. Over 100 air ticket reservations from these members are processed daily.

South Africa Missing Children

During the course of this year kulula 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.

Other

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 assist with their causes.


KINGJAMES 16543
kulula.com
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More flights, more often to and from Lanseria Airport.
Flying is cool. But not the other stuff. Like trying to find parking or the long check-in queues. You won't find any of that at Lanseria Airport. And if you live north of Jo'burg, it's super-duper convenient. You just park, check in, get on and take off. It couldn't be easier.
kulula
air

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 20 to 60 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 20 to 60 were approved by the Board of Directors on 14 September 2009 and signed on its behalf.

Mr ER Venter
Joint CEO
14 September 2009

Mr GS Novick
Joint CEO
14 September 2009

Mr D Novick
Chairman
14 September 2009

think vision =one successful formula

Expansion and growth

Future growth ensures ongoing sustainability for the Company and its staff. We continuously improve the way we do things by actively identifying and realising opportunities, taking calculated risks and using every opportunity to share and learn.

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.

Mr DH Borer
Company Secretary
14 September 2009

Report of Audit and Risk Management Committee
for the year ended 30 June 2009

As required in terms of the Companies Act (Act 61 of 1973) as amended ("the Act") for the year ended 30 June 2009, the Audit and Risk Management Committee submits the following report. The Audit and Risk Management Committee consists of three (3) Non-executive Directors who act independently. During the financial year under review, three (3) meetings were held and the committee members attended all meetings. At the meetings the members fulfilled all their functions prescribed by the Act. A detailed list of functions of the Audit and Risk Management Committee is contained in the Corporate Governance report. The Audit and Risk Management Committee is satisfied that the Company's external auditors are independent of the Company and are thereby able to conduct their audit functions without any influence from the Company, and is further satisfied that the Company's financial director has the appropriate expertise and experience to fulfill his responsibilities as such.

Dr PJ Welgemoed
Chairman: Comair Limited Audit and Risk Management Committee
14 September 2009

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 2009, 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 21 to 60.

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 2009, 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: Mr B Frey
Chartered Accountants (SA)
Registered Auditors
Registration number: 1994/001166/21

Johannesburg
14 September 2009

Pursue operational excellence

Well maintained aircraft and equipment, on time departures, quick turnarounds, consistent high quality - everywhere and effective execution of the plan ensure our great service is supported by exceptional operational backing.

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 2009.

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 20 to 60 of the annual financial statements for the year ended 30 June 2009.

Dividends

The Directors have resolved to declare a cash dividend (dividend number 10) of 5 cents per share (prior year: nil) to all shareholders. The last day to trade (cum the dividend) in order to participate in the dividend will be Friday, 9 October 2009. The shares will commence trading “ex” dividend from the commencement of business on Monday, 12 October 2009 and the record date is Friday, 16 October 2009. Share certificates may not be dematerialised or rematerialised between Monday, 12 October 2009 and Friday, 16 October 2009 both days included. The dividend payment will be made on Monday, 19 October 2009.

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.

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 2009 as set out below:

Director	2009			2008			2009		2008	
	Direct beneficial	**Indirect beneficial**	**Held by associates**	Direct beneficial	Indirect beneficial	Held by associates	**Total shares**	**%**	Total shares	%
Mr D Novick	-	33,529,480	-	-	33,529,480	-	33,529,480	7,98	33,529,480	7.98
Mr MD Moritz	-	43,529,480	8,300	-	43,529,480	8,300	43,537,780	10,37	43,537,780	10,37
Mr P van Hoven	204,647	-	-	204,647	-	-	204,647	0,05	204,647	0,05
Mr GS Novick	307,800	-	-	307,800	-	-	307,800	0,07	307,800	0,07
Mr ER Venter	707,880	-	-	707,880	-	-	707,880	0,17	707,880	0,17
Mr MN Louw	1,000	-	-	1,000	-	-	1,000	0,00	1,000	0,00
Dr PJ Welgemoed	104,200	-	-	104,200	-	-	104,200	0,02	104,200	0,02
**Mr KI Mampeule	-	-	-	-	-	-	-	-	-	-
**Mr RS Ntuli	-	6,172,550	-	-	6,172,550	-	6,172,550	1,47	6,172,550	1,47
*Mr DH Borer	167,000	-	-	167,000	-	-	167,000	0,04	167,000	0,04
***Mr AK Gupta	-	20,000,000	-	-	-	-	20,000,000	4,76	-	-
Total	**1,492,527**	**103,231,510**	**8,300**	1,492,527	83,231,510	8,300	**104,732,337**	**24,93**	84,732,337	20,17

* *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.*

*** *Refers to shares owned by Oakbay Investments (Pty) Ltd, of which Mr AK Gupta has a 30% direct shareholding and a 10% indirect shareholding.*

There have been no changes in the Directors' interests in share capital from 30 June 2009 to the date of posting of this annual report.

Special Resolutions

Since the last annual report, the Company has passed 1 (one) special resolution at its Annual General Meeting held on 30 October 2008, namely a special resolution as contemplated in terms of sections 85(2) and 85(3) of the Companies Act (Act 61 of 1973) as amended, i.e. a general approval to repurchase shares. Other than the aforegoing, no other special resolutions were passed.

Inspiring leadership

This icon encourages each employee to be a leader - not a boss, to lead by example and provide clear direction. Humility is vital if we are to serve our people through courage and resilience.

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
Mr D Novick Age: 71 CA (SA)	South African	1 Marignane Drive, Bonaero Park, Kempton Park, 1619	4	Non-executive Chairman
Mr MD Moritz Age: 64 (BCom, LLB)	South African	1 Marignane Drive, Bonaero Park, Kempton Park, 1619	4	Non-executive Joint Deputy Chairman
Mr P van Hoven Age: 65	South African	1 Marignane Drive, Bonaero Park, Kempton Park, 1619	4	Independent Non-executive Director
Mr BJ van der Linden (1) Age: 61	Netherlands	1 Marignane Drive, Bonaero Park, Kempton Park, 1619	4	Special Projects Director
Mr RC Sacks Age: 59 HDip (Law), HDip (Tax)	South African	550 Monica Circle, Corona, California, 92880, USA	2 of 4	Independent Non-executive Director
Dr PJ Welgemoed Age: 66 BCom (Honours), MCom, DCom	South African	1 Marignane Drive, Bonaero Park, Kempton Park, 1619	4	Independent Non-executive Director
Mr JM Kahn Age: 70 BA (Law), MBA (UP), DCom (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
Mr GS Novick Age: 39 BCom, CA (SA), MBA	South African	1 Marignane Drive, Bonaero Park, Kempton Park, 1619	4	Joint CEO
Mr MN Louw Age: 54 BMil	South African	1 Marignane Drive, Bonaero Park, Kempton Park, 1619	4	Director Flight Operations
Mr ER Venter (2) Age: 39 BCom, CA (SA)	South African	1 Marignane Drive, Bonaero Park, Kempton Park, 1619	4	Joint CEO and Financial Director
Mr KI Mampeule Age: 44 BA, MSc, MBA	South African	10 Creative House, Mulberry Hill Office Park, Broadacres Avenue, Dainfern, 2128	4	Non-executive Director
Mr AK Buchanan Age:51 MA, LLB	British	British Airways plc, Waterside (HBA3), Harmondsworth, Middlesex UB7 OGB, UK	4	Non-executive Director

Name, age, qualification	Nationality	Business address	Four (4) Board meetings held during the year: Attendance	Occupation
Mr RS Ntuli Age: 39 LLB (Edinburgh University)	South African	Thelo Group (Pty) Ltd, Ground Floor, Block G Pimill Farm, 164 Katherine Street, Sandown, Sandton, 2196	3 of 4	Non-executive Joint Deputy Chairman
Ms WD Stander Age: 43 BA (Hons), MBA	South African	33 Baker Street Rosebank 2196	4	Independent Non-executive Director
Mr RR Mehta Age: 51 MSc, BSc (Hons)	British	British Airways plc Heathrow Airport Technical Block C Heathrow Airport TW6 2JA, UK	2 of 2	Non-executive Director
Mr AK Gupta (4) Age: 41 BSc	South African	89 Gazelle Avenue, Corporate Park South, Old Pretoria Main Road, Midrand, 1682	0 of 0	Independent Non-executive Director
Mr DH Borer (5) Age: 47 BCom, LLB	South African	1 Marignane Drive, Bonaero Park Kempton Park, 1619	4	Alternate Director to Mr MN Louw

Notes:

(1) Mr BJ van der Linden retired as an Executive Director on 30 June 2009.
(2) Mr ER Venter was appointed as Financial Director of the Company on 1 June 2009 in addition to his role as Joint CEO.
(3) Mr RR Mehta was appointed as a Non-executive Director on 4 December 2008.
(4) Mr AK Gupta was appointed as an independent Non-executive Director on 17 June 2009.
(5) Mr DH Borer was appointed as an alternate Director to Mr MN Louw effective 30 June 2009.

Share Incentive Scheme

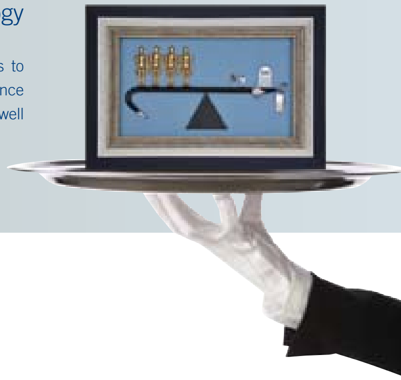
Executive Directors participate in a share incentive scheme with the following allocations as at 1 July 2008 and as at 30 June 2009:

Name	Allocated at 1 July 2008		Awarded during The year		Exercised during the year			Total as at 30 June 2009		Gains made on exercise of options during the year R'000
	Number	Average price	Number	Price	Number	Allocated price	Exercise price	Number	Average price	
Mr ER Venter	2,866,000	1.60	-	-	-	-	-	2,866,000	1.60	-
Mr GS Novick	3,032,667	1.56	-	-	-	-	-	3,032,667	1.56	-
Mr MN Louw	2,466,667	1.54	-	-	-	-	-	2,466,667	1.54	-
Mr BJ van der Linden	416,334	1.55	-	-	-	-	-	416,334	1.55	-
Mr DH Borer	1,299,334	1.58	-	-	-	-	-	1,299,334	1.58	-
	10,081,002		-	-	-	-	-	10,081,002		-

No share options have been issued to employees through the share incentive scheme during the year, and 3,679,814 options remain available for issue at year end.

Leveraging leading technology

We encourage employees to identify and realise opportunities to use technology to grow revenue, improve the customer experience and improve efficiency. The right technology means plans are well implemented and maintained.



Directors' Remuneration

Name	For services As directors And related Committee Work R'000	Package[1] R'000	Perfor-mance related[2] R'000	Pension and medical[3] R'000	Other[4] R'000	Share-based payments as per IFRS R'000	Total 2009 R'000	Total 2008 R'000
Executives								
Mr ER Venter	-	1,683	1,500	277	-	(201)	3,259	469
Mr GS Novick	-	1,692	1,500	277	-	(242)	3,227	2,021
Mr MN Louw	-	1,172	900	207	-	(201)	2,078	1,273
Mr BJ van der Linden	-	1,033	-	181	1,600	(38)	2,776	1,117
Mr DH Borer	-	856	600	154	-	(95)	1515	1,037
	-	6,436	4,500	1,096	1,600	(777)	12,855	**5,917
Non-executives								
Mr D Novick	500	-	-	-	-	-	500	100
Mr MD Moritz	250	-	-	-	-	-	250	100
Dr PJ Welgemoed	150	-	-	-	-	-	150	130
Mr JM Kahn	130	-	-	-	-	-	130	120
Mr KI Mampeule	120	-	-	-	-	-	120	100
Mr RC Sacks	-	-	-	-	-	-	-	-
Mr P van Hoven	150	-	-	-	-	-	150	130
Mr RS Ntuli	250	-	-	-	-	-	250	100
Ms WD Stander	120	-	-	-	-		120	-
	1,670	-	-	-	-	-	1,670	780
	1,670	6,436	4,500	1,096	1,600	(777)	14,525	6,697

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 2009.
(3) "Pension and Medical" includes the regular payments made for pension fund, medical aid contributions and risk benefits.
(4) "Other" refers to termination payments.
** Remuneration receivable by the directors will not vary as a result of any proposed issue for cash or repurchase of shares.*
*** 2008 Comparative is significantly lower as a result of Share Based Payment IRFS Adjustment.*

Balance Sheet
as at 30 June 2009

		Group		Company	
		2009	2008	2009	2008
	Note	R'000	R'000	R'000	R'000
Assets					
Non-current assets		1,043,623	976,910	1,027,846	961,157
Property, plant and equipment	1	912,043	866,750	861,019	815,415
Loan to share incentive trust	2	-	-	15,465	15,127
Investment in subsidiaries	3	-	-	19,782	20,455
Available-for-sale investments	4	131,580	110,160	131,580	110,160
Current assets		657,163	465,519	689,163	496,305
Inventory	5	8,203	7,456	8,203	7,456
Trade and other receivables	6	263,949	270,289	263,935	270,289
Investment in subsidiaries	3	-	-	30,321	29,035
Investment in associates and equity accounted joint ventures	7	73,637	56,113	75,881	58,527
Forward exchange hedging contracts	8	-	669	-	669
Taxation		2,154	5,988	1,603	5,328
Bank and cash	9	309,220	125,004	309,220	125,001
		1,700,786	1,442,429	1,717,009	1,457,462
Equity and Liabilities					
Capital and reserves		517,722	459,942	534,086	476,856
Share capital	10	4,749	4,749	4,941	4,941
Share premium		8,070	8,070	8,456	8,456
Non-distributable reserves		(7,240)	7,525	(7,240)	7,525
Accumulated profits		512,143	439,598	527,929	455,934
Non-current liabilities		428,892	405,050	428,892	405,050
Interest-bearing liabilities	11	360,582	360,333	360,582	360,333
Deferred taxation	12	68,310	44,717	68,310	44,717
Current liabilities		754,172	577,437	754,031	575,556
Trade and other payables	13	580,849	456,761	580,708	454,880
Provisions	14	57,993	52,549	57,993	52,549
Interest-bearing liabilities	11	97,806	68,127	97,806	68,127
Forward exchange hedging contracts	8	17,524	-	17,524	-
		1,700,786	1,442,429	1,717,009	1,457,462

Accountable and responsible

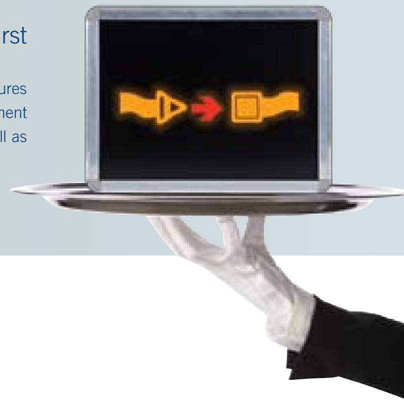
We encourage employees to take ownership of their careers and to make decisions and recommendations. Problem solving and courageous conversations are key while striving to be reliable, disciplined and own up to mistakes.

Income Statement
for the year ended 30 June 2009

		Group		Company	
	Note	**2009 R'000**	2008 R'000	**2009 R'000**	2008 R'000
Revenue		**3,048,782**	2,688,488	**3,048,782**	2,688,488
Operating expenses		**(2,920,083)**	(2,576,364)	**(2,921,300)**	(2,576,347)
Profit from operations	15	**128,699**	112,124	**127,482**	112,141
Interest expense		**(49,138)**	(37,668)	**(49,138)**	(37,668)
Interest income		**25,540**	22,454	**25,540**	22,445
Preference dividend income		**8,493**	6,938	**8,493**	6,938
Share of profit/(loss) of associates	16	**170**	(350)	**-**	-
Profit before taxation		**113,764**	103,498	**112,377**	103,856
Taxation	17	**(40,715)**	(41,695)	**(40,382)**	(41,695)
Profit attributable to ordinary shareholders		**73,049**	61,803	**71,995**	62,161
Earnings per share (cents)	18	**18.2**	15.4		
Headline earnings per share (cents)	18	**19.6**	15.4		
Diluted earnings per share (cents)	18	**18.0**	14.9		
Diluted headline earnings per share (cents)	18	**19.4**	14.9		
Net asset value per share (cents)		**129.1**	114.8		

Statement of Changes in Equity
for the year ended 30 June 2009

	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 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**
BEE share-based payments	-	-	3,428	-	-	**3,428**
Profit for the year	-	-	-	-	73,049	**73,049**
Dividend paid	-	-	-	-	-	**-**
Cash flow hedging reserve	-	-	-	(18,193)	-	**(18,193)**
Shares purchased by Share Trust	(4)	(9)	-	-	(807)	**(820)**
Shares sold by Share Trust	4	9	-	-	303	**316**
Balance at 30 June 2009	4,749	8,070	10,284	(17,524)	512,143	**517,722**
Company						
Balance at 1 July 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**
BEE share-based payments	-	-	3,428	-	-	**3,428**
Profit for the year	-	-	-	-	71,995	**71,995**
Cash flow hedging reserve	-	-	-	(18,193)	-	**(18,193)**
Balance at 30 June 2009	4,941	8,456	10,284	(17,524)	527,929	**534,086**



Safety first

There is no compromise on safety! We have to know the procedures and follow them without falter. We are encouraged to implement audit findings, be observant, fully engaged and present, as well as to report all incidents to improve safety standards.

Cash Flow Statement
for the year ended 30 June 2009

		Group		Company	
	Note	**2009 R'000**	2008 R'000	**2009 R'000**	2008 R'000
Cash Generated from Operating Activities		**350,341**	108,192	**351,102**	104,377
Cash receipts from customers		**3,055,122**	2,536,190	**3,055,136**	2,536,070
Cash paid to suppliers		**(2,676,388)**	(2,355,475)	**(2,675,865)**	(2,357,315)
Cash generated by operations	19	**378,734**	180,715	**379,271**	178,755
Interest expense		**(49,138)**	(37,668)	**(49,138)**	(37,668)
Interest received		**25,540**	22,454	**25,540**	22,445
Preference dividend received		**8,493**	6,938	**8,493**	6,938
Taxation paid	20	**(13,288)**	(28,180)	**(13,064)**	(28,293)
Cash available from operating activities		**350,341**	144,259	**351,102**	142,177
Dividend paid		**-**	(36,067)	**-**	(37,800)
Cash Utilised in Investing Activities		**(195,549)**	(358,057)	**(196,811)**	(353,496)
Additions to property, plant and equipment		**(167,707)**	(293,578)	**(168,018)**	(242,243)
Proceeds on disposal of property, plant and equipment		**10,932**	-	**10,932**	-
(Increase)/decrease in loan to Share Incentive Trust		**-**	-	**(338)**	2,716
Acquisition of preference shares		**(21,420)**	(21,420)	**(21,420)**	(21,420)
Investment in subsidiaries	3.2 to 3.3	**-**	-	**(613)**	(49,490)
Investment in associates	7	**(17,354)**	(43,059)	**(17,354)**	(43,059)
Cash Generated by Financing Activities		**29,424**	132,845	**29,928**	132,180
Shares purchased by Share Trust		**(820)**	(1,605)	**-**	-
Shares sold by Share Trust		**316**	2,270	**-**	-
Increase in interest bearing liabilities		**29,928**	132,180	**29,928**	132,180
Net increase/(decrease) in cash and cash equivalents		**184,216**	(117,020)	**184,219**	(116,939)
Cash and cash equivalents at the beginning of the year		**125,004**	242,024	**125,001**	241,940
Cash and cash equivalents at the end of the year		**309,220**	125,004	**309,220**	125,001

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 (Act 61 of 1973) as amended and the Listing Requirements of the JSE Limited. 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 2009

There were no new standards adopted during the current financial year. A full list of standards that will become effective in the next financial year are listed in Note 26.

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.

Interest is recognised on the accrual basis, in profit or loss, using the effective interest rate method.
Dividends are recognised, in profit or loss, when the Company's right to receive payment has been 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 control became, or ceased to be, effective. Investments in subsidiaries of the Company are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

Identifiable assets, liabilities and contingent liabilities acquired are initially measured at their fair values at the date of acquisition.

Goodwill arising on acquisition

Goodwill is the excess of the cost of the acquisition over the fair value of the identifiable net assets acquired and is 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 reserves after accounting for dividends payable by those associates. Any difference between the cost of acquisition and the Group's share of identifiable net assets is classified as goodwill and included in the cost of the investment.

Joint ventures

A joint venture is an entity over which the Group has joint control. Joint control is the contractually agreed sharing of control over an entity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The investment in a joint venture is initially recognised at cost and adjusted for the Group's share of the changes in the net assets of the joint venture after the date of acquisition, and for any impairment in value. If the Group's share of losses of a joint venture exceeds its interest in the joint venture, the Group discontinues recognising its share of further losses.

The Group has elected to recognise its interest in jointly controlled entities using the equity method.

Foreign Currency

Foreign currency transactions are recorded at the exchange rate ruling on the transaction dates. Monetary 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.

Non-monetary assets and liabilities are translated at the rate at the date of acquisition. Exchange differences on translating monetary assets and liabilities at year end spot are recognised in the income statement. Non-monetary items that are measured at fair value shall be translated using the exchange rates at the date when the fair value was determined. Exchange differences on non-monetary assets classified as available for sale financial instruments are recognised as part of the fair value movement in equity.

Taxation

Current tax, secondary tax on companies and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, directly in equity; or
- a business combination.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

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 comprehensive balance sheet liability method. Deferred tax liabilities are 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 either the tax profit or the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, 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 assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Property, Plant and Equipment

Freehold property, aircraft and related equipment, vehicles, furniture, computers and flight simulator equipment are depreciated on a systematic basis on the straight line method, 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 at least annually and only written down if there are impairments in value.

Depreciation rates for property plant and equipment

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

Aircraft

Aircraft are initially recognised at spot rate at date of purchase. The carrying values of aircraft are assessed annually for impairment. 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 or appreciably prolong their useful lives are charged against income. C and D Checks are capitalised and expensed over their useful lives. 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.

Passion for service

We're in the service delivery business, so quick responses and delivery on our promises, set us apart. We are always willing to go the extra mile. We do what we love and love what we do. This dedicated and committed passion radiates outwards, creating raving fans of our customers.

Depreciation rates for aircraft

Aircraft and related equipment	4% to 20%
C Checks	18 months
D Checks	72 months

Leased Assets

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. The amount capitalised at inception of the lease is the lower of the fair value of the leased property and the present value of the minimum lease payment. 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

Initial recognition

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Loans to (from) group companies

These include loans to subsidiaries, associates and joint ventures and are recognised initially at fair value plus direct transaction costs. Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised. Loans to (from) group companies are classified as loans and receivables and loans at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value plus transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities.

The dividends on these preference shares are recognised in the income statement as interest expense.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Other financial liabilities are measured initially at fair value and subsequently at amortised cost, using the effective interest rate method.

Other loans and receivables

Other financial assets classified as loans and receivables are initially recognised at fair value plus transaction costs, and are subsequently carried at amortised cost less any accumulated impairment.

These financial assets are not quoted in an active market and have fixed or determinable payments.

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consist of foreign exchange contracts and are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates. Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss. Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise. Derivatives are classified as financial assets at fair value through profit or loss.

Available for sale financial assets

These financial assets are non-derivatives that are either designated in this category or not classified elsewhere. Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned. These investments are measured initially and subsequently at fair value. Transaction costs are included on initial recognition. Gains and losses arising from changes in fair value are recognised directly in equity until the security is disposed of or is determined to be impaired.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement as part of ‘other income’ when the Company’s right to receive payments is established.

Equity investments for which a fair value is not determinable are held at cost. Impairments on such investments are not reversed.

Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as equity. If the Company reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those instruments is deducted from equity until the shares are cancelled or reissued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Hedge Accounting

The Company designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- hedges of a net investment in a foreign operation (net investment hedge).

The Company documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 8.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

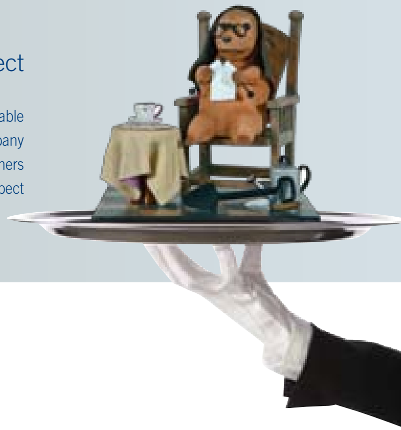
Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'other income'.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

The gain or loss relating to the effective portion is recognised in the income statement within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the income statement within 'other income'.

However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets) the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in case of inventory or in depreciation in case of fixed assets.



When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'other income'.

Inventory

Inventory is stated at the lower of cost and net realisable values. Cost is determined on the first-in-first-out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Retirement and Medical Funds

Current contributions to the Group's defined contribution retirement fund are based on current salary and are recognised when they fall due. The Group has no further payment obligations once the payments have been made.

Impairment

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period; and
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

Provisions

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Share-based Payment Transactions

Cash settled

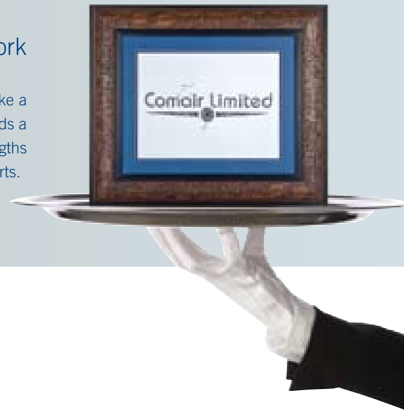
Share appreciation rights are granted to certain employees in the Group. The fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in liabilities. The fair value is initially measured at grant date and expensed over the period during which the employee becomes unconditionally entitled to payment. Management also reassesses the fair value of the amount payable at each balance sheet date, until vesting, the number of share appreciation right options expected to ultimately vest. Share appreciation right options that expire or are forfeited are removed from equity with a corresponding adjustment to the income statement. The fair value of the instruments granted is 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

Teamwork

We encourage our staff to be great people to work with. To make a proactive contribution, break down the barriers and work towards a common purpose. We recognise and utilise each other's strengths and understand that the whole is greater than the sum of its parts.



in equity over the vesting period of the share based payment. Management reassesses the number of options expected to ultimately vest based on non-market vesting conditions. The impact of the revision to the original estimates, if any, is recognised on the income statement, with a corresponding adjustment to equity. Proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised. Subsequent to vesting, management no longer makes any adjustments to the cost of the share based payments recognised. Options that expire or are forfeited are removed from equity with a corresponding adjustment to the income statement.

Judgements 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 judgements 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.

Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

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.

Notes to the Annual Financial Statements
for the year ended 30 June 2009

	Group		Company	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
1. Property, Plant and Equipment				
Property and buildings				
Cost	**66,117**	66,794	**15,093**	15,459
Accumulated depreciation	**(4,228)**	(3,775)	**(4,228)**	(3,775)
Book value	**61,889**	63,019	**10,865**	11,684
Aircraft and flight simulator equipment				
Cost	**1,169,428**	1,115,456	**1,169,428**	1,115,456
Impairment	**(115,106)**	(115,106)	**(115,106)**	(115,106)
Accumulated depreciation	**(219,954)**	(208,392)	**(219,954)**	(208,392)
Book value	**834,368**	791,958	**834,368**	791,958
Vehicles, furniture and equipment and computer equipment				
Cost	**44,903**	37,104	**44,903**	37,104
Accumulated depreciation	**(29,117)**	(25,331)	**(29,117)**	(25,331)
Book value	**15,786**	11,773	**15,786**	11,773
Total property, plant and equipment	**912,043**	866,750	**861,019**	815,415
Reconciliation of carrying value				
Property and buildings				
Carrying value at the beginning of the year	**63,019**	11,751	**11,684**	11,751
Additions	**(675)**	51,722	**(364)**	387
Depreciation	**(455)**	(454)	**(455)**	(454)
Carrying value at the end of the year	**61,889**	63,019	**10,865**	11,684
Aircraft and flight simulator equipment				
Carrying value at the beginning of the year	**791,958**	652,870	**791,958**	652,870
Additions	**160,547**	238,312	**160,547**	238,312
Disposals	**(16,540)**	-	**(16,540)**	-
Depreciation	**(101,597)**	(99,224)	**(101,597)**	(99,224)
Carrying value at the end of the year	**834,368**	791,958	**834,368**	791,958

	Group		Company	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
1. Property, Plant and Equipment (continued)				
Vehicles, furniture and equipment and computer equipment				
Carrying value at the beginning of the year	**11,773**	11,408	**11,773**	11,408
Additions	**7,835**	3,544	**7,835**	3,544
Depreciation	**(3,822)**	(3,179)	**(3,822)**	(3,179)
Carrying value at the end of the year	**15,786**	11,773	**15,786**	11,773
			-	
Total Property, Plant and Equipment	**912,043**	866,750	**861,019**	815,415

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 (2008: R96.8 million).

Instalment Sale Agreement, Mortgages and Finance Lease Agreement Book Values are disclosed under note 11.

2. Loan to Share Incentive Trust

This loan relates to the Comair Share Incentive Trust's 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 19,186,100 shares representing 4.6% of shares in issue (prior year: 20,483,172 shares representing 4.9%) at a closing price of 185c (prior year: 200c).

	Group 2009	Group 2008	Company 2009	Company 2008
	-	-	**15,465**	15,127

	Group		Company	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
3. Investment in Subsidiaries				
Non-current portion				
3.1 Aconcagua 32 Investments (Pty) Ltd				
1 ordinary share of R1 at cost (100% shareholding)				
Investment at cost	-	-	**19,782**	20,455
The Company is the owner of erf 700 Rhodesfield Township. This is the only asset in the Company's books valued at R20.4 million (2008: R20.4 million). There are no material liabilities in this Company. The share in the Company was acquired during May 2008.				
Total non-current portion	-	-	**19,782**	20,455
Current portion				
3.2 Alooca Technologies (Pty) Ltd				
100 ordinary shares of R1 at cost (100% shareholding)				
Loan receivable	-	-	**30,321**	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.				
3.3 Amber (Pty) Limited				
1 ordinary share of R1 at cost (100% shareholding)				
5549 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	-	-	**30,321**	29,035
Total investment in subsidiaries	-	-	**50,103**	49,490

Market leaders

To be creative and innovative means we are the first to market. World class standards and initiatives allow us to understand the customer and the market. It's about big picture thinking, and having a healthy paranoia of falling behind keeps us ahead.

	Group		Company	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
4. Available-for-sale investments				
Preference shares in KWJ Investments (Pty) Ltd	**131,580**	110,160	**131,580**	110,160
129,000 paid up shares (prior year 108,000) at R1,020 per share at cost. Comair will purchase a further 21,000 shares in bi-annual instalments of R10,710,000 with the last purchase on 30 June 2010.				
Total Directors' valuation of unlisted investments	**131,580**	110,160	**131,580**	110,160
5. Inventory				
Aircraft spares	**5,859**	6,128	**5,859**	6,128
Catering equipment and consumables	**7,065**	6,049	**7,065**	6,049
Write down of aircraft spares to realisable value	**(4,721)**	(4,721)	**(4,721)**	(4,721)
	8,203	7,456	**8,203**	7,456
6. Trade and Other Receivables				
Trade receivables	**189,461**	232,206	**189,447**	232,206
Deposits	**17,530**	16,103	**17,530**	16,103
Other receivables	**56,958**	21,980	**56,958**	21,980
	263,949	270,289	**263,935**	270,289
The standard credit period is 30 days from statement. The average age of the receivables is 31 days. Only customers with whom the Company has a long standing relationship have 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 +	**2,441**	1,459	**2,441**	1,459

	Group		Company	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
7. Investment in Associates and Equity Accounted Joint Ventures				
7.1 Commuter Handling Services (Pty) Limited				
Comair Limited has a 40% shareholding in Commuter Handling Services (Pty) Ltd a company in the passenger and ground handling industry.				
Carrying value of the investment				
Shareholder's loan	**61,732**	51,241	**61,732**	51,241
Interest was charged at prime rates for the year (2008: nil) and there are no fixed repayment terms.				
Cumulative post-acquisition equity				
Prior year	**2,017**	474	**-**	-
Current year	**2,210**	1,543	**-**	-
This associate provides passenger and ground handling services to airlines at ACSA-based airports and made an after tax profit of R3.8 million (2008 profit of R3.6 million). The Company is incorporated in South Africa and has a June year end. The Company is classified as an associate and has been equity accounted for the whole financial year.				
7.2 Imperial Air Cargo (Pty) Ltd				
Comair Limited has a 30% shareholding in Imperial Air Cargo (Pty) Ltd a company in the air freight industry.				
Carrying value of the investment				
Shareholder's loan	**14,149**	7,286	**14,149**	7,286
Interest was not charged for the year and there are no fixed repayment terms.				
Cumulative post-acquisition equity				
Prior Year	**(4,431)**	(2,538)	**-**	-
Current Year	**(2,040)**	(1,893)	**-**	-
This associate is an air freight company and made an after tax loss of R6.8 million (2008 loss R6.3 million). The Company is incorporated in South Africa and has a June year end. The Company is classified as an associate and has been equity accounted for the whole financial year. Management is of the opinion that the Company will be profitable in the next two years.				

think vision =one successful formula

High performing, professional people

Success depends on our ability to employ and retain the right person for the job. To coach, mentor and develop our people while recognising and rewarding good performance. Technically competent and knowledgeable employees are who we want as a part of our Comair family.

	Group		Company	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
7. Investment in Associates (continued)				
7.3 Protea Hotel ORT (Pty) Ltd				
Comair Limited has a 25% shareholding in Protea Hotel ORT (Pty) Ltd a company in the hotel industry. The company is incorporated in South Africa and has a June year end.				
A branded Protea Hotel is being built on erf 700 Rhodesfield Township. The anticipated completion date of the hotel is December 2009. Comair has no capital commitments in relation to this project. A 99 year lease is in place.				
	73,637	56,113	**75,881**	58,527

Summarised financial information of associates and equity accounted joint ventures (aggregated)

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
Income statement				
Revenue	**331,609**	215,565	**-**	-
Operating loss	**(934)**	(3,899)	**-**	-
Net finance (charge) income	**(3,539)**	665	**-**	-
Loss before taxation	**(4,473)**	(3,234)	**-**	-
Taxation	**1,255**	779	**-**	-
Loss for the year	**(3,218)**	(2,455)	**-**	-
Balance sheet				
Assets				
Property plant and equipment	**97,121**	22,621	**-**	-
Deferred tax	**8,545**	6,226	**-**	-
Net current assets	**91,713**	53,147	**-**	-
	197,379	81,994	**-**	-
Equity and liabilities				
Capital and reserves	**2,931**	13,398	**-**	-
Borrowings	**194,448**	68,596	**-**	-
	197,379	81,994	**-**	-

8. Financial Risk Management and Financial Instruments

The Group finances its operations through 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

	Loans and receivables	Available for sale	Financial liabilities at amortised cost	Non-financial instruments	Total
2009 (R'000)					
Assets					
Non-current assets					
Property, plant and equipment	-	-	-	912,043	912,043
Available-for-sale investments	-	131,580	-	-	131,580
Current assets					
Inventories	-	-	-	8,203	8,203
Trade and other receivables	211,028	-	-	52,921	263,949
Investments in associates and joint ventures	73,637	-	-	-	73,637
Taxation	-	-	-	2,154	2,154
Bank and cash	309,220	-	-	-	309,220
Total assets	593,885	131,580	-	975,321	1,700,786
Equity and liabilities					
Capital and reserves					
Share capital	-	-	-	4,749	4,749
Share premium	-	-	-	8,070	8,070
Non-distributable reserves	-	-	-	(7,240)	(7,240)
Accumulated profit	-	-	-	512,143	512,143
Non-current liabilities					
Interest-bearing liabilities	-	-	360,582	-	360,582
Deferred taxation	-	-	-	68,310	68,310
Current liabilities					
Trade and other payables	-	-	467,683	113,166	580,849
Provisions	-	-	-	57,993	57,993
Interest-bearing liabilities	-	-	97,806	-	97,806
Forward exchange hedging contracts	-	-	17,524	-	17,524
	-	-	943,595	757,191	1,700,786

	Loans and receivables	Available for sale	Financial liabilities at amortised cost	Non-financial instruments	Total
2008 (R'000)					
Assets					
Non-current assets					
Property, plant and equipment	-	-	-	866,750	866,750
Available-for-sale investments	-	110,160	-	-	110,160
Current assets					
Inventories	-	-	-	7,456	7,456
Trade and other receivables	247,609	-	-	22,680	270,289
Investments in associates and joint ventures	56,113	-	-	-	56,113
Taxation	-	-	-	5,988	5,988
Forward exchange hedging contracts	669	-	-	-	669
Bank and cash	125,004	-	-	-	125,004
Total Assets	429,395	110,160	-	902,874	1,442,429
Equity and liabilities					
Capital and reserves					
Share capital	-	-	-	4,749	4,749
Share premium	-	-	-	8,070	8,070
Non-distributable reserves	-	-	-	7,525	7,525
Accumulated profit	-	-	-	439,598	439,598
Non-current liabilities					
Interest-bearing liabilities	-	-	360,333	-	360,333
Deferred taxation	-	-	-	44,717	44,717
Current liabilities					
Trade and other payables	-	-	343,188	113,573	456,761
Provisions	-	-	-	52,549	52,549
Interest-bearing liabilities	-	-	68,127	-	68,127
	-	-	771,648	670,781	1,442,429

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 by 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 adequate cash resources and unutilised borrowing facilities are maintained.

Maturity profile of financial liabilities at 30 June 2009:

Group	Carrying amount	Contractual cash flows	Within 1 year	2 to 5 years	More than 5 years
2009 (R'000)					
Secured and non-current borrowings	360,582	400,480	-	400,480	-
Secured short-term borrowings	97,806	126,043	126,043	-	-
Operating lease commitments	-	567,452	162,484	399,768	5,200
Trade and other payables	580,849	463,996	463,996	-	-
Total financial liabilities - Group and Company	1,039,237	1,557,971	752,523	800,248	5,200
Total financial assets - Group	725,465	725,465	725,465	-	-
2008 (R'000)					
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	539,555	539,555	539,555	-	-

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$2,331,522 and GBP3,817,892 and net short-term receivables of GBP8,220,904.

Currency options that constitute designated hedge of currency risk at year end relate to fuel. The base price of fuel is calculated in US$. The Company hedged approximately 10% of its monthly volumes for a period of ten months at an average rate of R8.72/US$. The fair value at year end, being the amount the Company would receive/(pay) to terminate the contracts at year end was R17.5 million (prior year R0.7 million payable). Prior year the Company hedged 10% of its 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 R0.2 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.

Pursue operational excellence

Well maintained aircraft and equipment, on time departures, quick turnarounds, consistent high quality - everywhere and effective execution of the plan ensure our great service is supported by exceptional operational backing.

Group and Company	Foreign exchange risk Profit/(loss) should the rand exchange rate change by 5%				Interest rate risk Profit/(loss) should the interest rate change by 2%		
	Carrying value	Amount exposed to risk	Rand appreciation	Rand depreciation	Amount exposed to risk	Rate increase	Rate decrease
2009							
Financial asset R'000							
Bank	309,222	93,159	(4,658)	4,658	309,220	6,184	(6,184)
Trade and other receivables	263,935	105,995	(5,300)	5,300	-	-	-
Impact of financial assets on:							
- profit before tax	-	-	(9,958)	9,958	-	6,184	(6,184)
- profit after tax	-	-	(7,170)	7,170	-	4,453	(4,453)
Financial liabilities R'000							
Interest bearing liabilities	458,388	-	-	-	239,684	(4,794)	4,794
Trade and other payables	580,708	65,397	3,270	(3,270)	-	-	-
Impact of financial liabilities on:							
- profit before tax	-	-	3,270	(3,270)	-	(4,794)	4,794
- profit after tax	-	-	2,354	(2,354)	-	(3,451)	3,451
Overall impact on profit after taxation	-	-	(4,816)	4,816	-	1,002	(1,002)
2008							
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 payables	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

Capital risk management

The Group's objectives when managing capital is to safeguard the entity's ability to continue as a going concern.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total interest-bearing debt (as shown in the balance sheet) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. ordinary shares, share premium, accumulated profits and other reserves).

The debt-to-adjusted capital ratios at 30 June 2009 and 2008 were as follows:

	Group		Company	
	2009	2008	**2009**	2008
	R'000	R'000	**R'000**	R'000
Total liabilities excluding deferred tax	**1,114,754**	937,770	**1,114,613**	935,889
Less: Cash and bank	**(309,220)**	(125,004)	**(309,220)**	(125,001)
Adjusted liabilities	**805,534**	812,766	**805,393**	810,888
Equity	**517,722**	459,942	**534,086**	476,856
Adjusted capital ratio	**1.56:1**	1.77:1	**1.51:1**	1.70:1

9. Cash Encumbered

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

10. Share Capital

Authorised:

	Group 2009	Group 2008	Company 2009	Company 2008
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:

	Group 2009	Group 2008	Company 2009	Company 2008
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)**	(192)	**-**	-
13,549 preference shares of 1 cent each issued at R10,000 each				
	4,749	4,749	**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 Listing 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 require classification as debt instruments and the debt arising is disclosed in Note 3.4 of these financials.

11. Interest Bearing Liabilities

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 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 R149 million, prior year net book value R141 million).	**60,016**	93,986	**60,016**	93,986
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 R45 million, prior year R46 million).	**8,084**	15,365	**8,084**	15,365
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 R146 million, prior year R142 million).	**150,604**	150,604	**150,604**	150,604
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 9.375%. One aircraft mortgage serve as collateral covering security (net book value R78 million, prior year R70 million).	**63,420**	76,936	**63,420**	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 9.33%. Two aircraft mortgages serves as collateral covering security (net book value R185 million, prior year R184 million).	**77,503**	91,569	**77,503**	91,569
Working Capital Loan. This loan is unsecured and is payable in 20 quarterly instalments with the last payment due on 30 September 2013. Interest is charged at a variable rate. Currently 9.575%.	**23,668**	-	**23,668**	-
Mortgage finance agreement. This loan is payable in 20 quarterly instalments with the last payment due on 25 June 2014. Comair properties save for erf 700 Rhodesfield Township have been pledged as collateral for a mortgage finance loan. Interest is charged at a variable rate. Currently 11.75%.	**75,093**	-	**75,093**	-
Sub-total	**458,388**	428,460	**458,388**	428,460
Less short-term portion	**(97,806)**	(68,127)	**(97,806)**	(68,127)
	360,582	360,333	**360,582**	360,333
Total value of interest bearing liabilities	**458,388**	428,460	**458,388**	428,460
Finance charges	**68,135**	117,391	**68,135**	117,391
Total interest bearing liability commitments	**526,523**	545,851	**526,523**	545,851
- commitments for year one	**126,043**	115,844	**126,043**	115,844
- commitments for year two to five	**400,480**	430,007	**400,480**	430,007
- commitments after year five	**-**	-	**-**	-

	Group		Company	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000

12. Deferred Taxation

On temporary differences arising from:				
Property, plant and equipment	**117,753**	93,485	**117,753**	93,485
Staff obligations and accruals	**(65,124)**	(56,264)	**(65,124)**	(56,264)
Prepayments	**15,698**	7,496	**15,698**	7,496
STC asset	**(17)**	-	**(17)**	-
	68,310	44,717	**68,310**	44,717
Deferred tax reconciliation				
Opening balance	**44,717**	20,766	**44,717**	20,766
Deferred tax - Current	**23,610**	21,988	**23,610**	21,988
Deferred tax - Rate change	**-**	(257)	**-**	(257)
STC asset utilised	**(17)**	2,220	**(17)**	2,220
Closing balance	**68,310**	44,717	**68,310**	44,717

13. Trade and Other Payables

Trade payables	**450,345**	329,595	**450,204**	327,714
Cash settled share-based payment	**3,687**	4,940	**3,687**	4,940
Unflown ticket liability	**113,166**	113,573	**113,166**	113,573
Other	**13,651**	8,653	**13,651**	8,653
	580,849	456,761	**580,708**	454,880

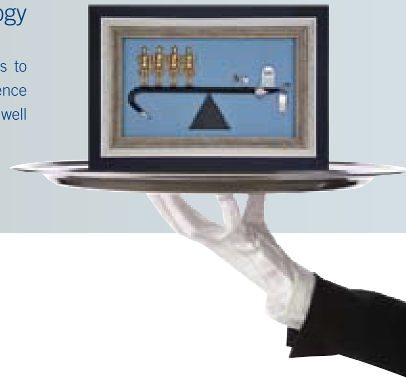
Trade creditor terms vary depending on the agreements. An average of 30 days from statement is fair. Average days outstanding is 40 days.

Unflown ticket liability is all monies received from passengers prior to 30 June 2009 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.

Leveraging leading technology

We encourage employees to identify and realise opportunities to use technology to grow revenue, improve the customer experience and improve efficiency. The right technology means plans are well implemented and maintained.



	Group		Company	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
14. Provisions				
Leave pay provision	**38,222**	30,722	**38,222**	30,722
Opening balance	**30,722**	19,640	**30,722**	19,640
- Raised through income statement	**7,500**	11,082	**7,500**	11,082
Bonus provision	**19,771**	21,827	**19,771**	21,827
Opening balance	**21,827**	20,380	**21,827**	20,380
- Raised	**30,989**	27,329	**30,989**	27,329
- Utilised	**(33,045)**	(25,882)	**(33,045)**	(25,882)
	57,993	52,549	**57,993**	52,549
15. Profit from Operations				
Operating expenses are stated after incorporating the following items:				
Audit fees	**496**	376	**496**	376
Managerial, technical, administrative and secretarial services	**15,025**	8,658	**15,025**	8,658
Depreciation - aircraft assets	**101,597**	99,224	**101,597**	99,224
Depreciation - other fixed assets	**4,277**	3,633	**4,277**	3,633
Directors' emoluments	**14,525**	6,697	**14,525**	6,697
- for services as Directors	**1,670**	780	**1,670**	780
- for managerial and other services	**12,536**	10,198	**12,536**	10,198
- retirement and medical benefits	**1,096**	973	**1,096**	973
- share-based payments	**(777)**	(5,254)	**(777)**	(5,254)
Only Directors are considered key management				
Rentals under operating leases	**157,006**	172,968	**157,006**	172,968
- property rentals	**6,403**	8,843	**6,403**	8,843
- aircraft rentals	**150,330**	163,621	**150,330**	163,621
- equipment and vehicle rentals	**273**	504	**273**	504
Total staff costs	**404,682**	333,259	**404,682**	333,259
Employment costs	**375,906**	310,206	**375,906**	310,206
Contributions to defined contribution funds	**28,776**	23,053	**28,776**	23,053
Number of employees	**1,782**	1,781		
Loss on disposal of property, plant and equipment	**(5,608)**	-	**(5,608)**	-
(Loss)/Profit on exchange differences	**(32,826)**	24,010	**(32,826)**	24,010
Ad hoc revenue received on international loyalty programme	**8,168**	7,658	**8,168**	7,658
Equity accounting of BEE transaction	**3,428**	3,428	**3,428**	3,428

15. Profit from Operations (continued)

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	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
16. Share of Profit/(Loss) in Associates				
Share of profit/(loss) of associates consists of the following items				
- Retained equity profit/(loss)	**170**	(350)	**-**	-
17. Taxation				
Normal tax - current	**8,356**	6,788	**8,023**	6,788
Normal tax prior year overprovision	**(1,234)**	-	**(1,234)**	-
Deferred tax - current	**23,610**	21,988	**23,610**	21,988
Deferred tax - rate change	**-**	(257)	**-**	(257)
STC provision prior years	**10,000**	10,090	**10,000**	10,090
STC current	**-**	866	**-**	866
STC asset utilised	**(17)**	2,220	**(17)**	2,220
	40,715	41,695	**40,382**	41,695
Reconciliation of taxation rate	**%**	%	**%**	%
South African normal tax rate	**(28.0)**	(28.0)	**(28.0)**	(28.0)
Taxation effect of:				
Exempt income	**2.0**	1.8	**2.2**	2.0
Disallowable expenditure	**(2.3)**	(1.6)	**(2.3)**	(1.6)
Rate adjustment	**-**	0.2	**-**	0.2
STC provision prior years	**(8.8)**	(9.7)	**(8.9)**	(9.7)
STC asset utilised	**0.0**	(3.0)	**0.0**	(3.0)
Effective taxation rate	**(37.0)**	(40.3)	**(37.0)**	(40.1)

STC provision prior years - refer note 28.

	Group		Company	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
18. Headline Earnings				
Earnings attributable to ordinary shareholders	**73,049**	61,803	**71,995**	62,161
Add: IAS 16 loss on disposal of property, plant and equipment	**5,608**	-	**5,608**	-
Headline earnings attributable to ordinary shareholders	**78,657**	61,803	**77,603**	62,161
Note: There is no tax effect as a result of the loss on disposal of property, plant and equipment				
Weighted ordinary shares in issue ('000)	**400,814**	400,740		
Weighted ordinary shares in issue	**420,000**	420,000		
Adjustment in respect of consolidation of Share Trust	**(19,186)**	(19,260)		
Adjustment for dilutive effect of share options in issue	**2,333**	4,572		
Adjustment for dilutive effect of BEE transaction	**2,726**	8,921		
Diluted weighted ordinary shares in issue ('000)	**405,873**	414,233		
Earnings per share (cents)	**18.2**	15.4		
Headline earnings per share (cents)	**19.6**	15.4		
Diluted earnings per share (cents)	**18.0**	14.9		
Diluted headline earnings per share (cents)	**19.4**	14.9		
19. Cash Generated by Operations				
Profit from operations	**128,699**	112,124	**127,482**	112,141
Depreciation	**105,874**	102,857	**105,874**	102,857
BEE "Equity Settled Expense"	**3,428**	3,428	**3,428**	3,428
Loss on disposal of assets	**5,608**	-	**5,608**	-
Cash from operations before working capital changes	**243,609**	218,409	**242,392**	218,426
Decrease/(increase) in working capital	**135,125**	(37,694)	**136,879**	(39,671)
- Inventory (increase)	**(747)**	(1,359)	**(747)**	(1,359)
- Accounts receivable decrease/(increase)	**6,340**	(152,298)	**6,354**	(152,418)
- Accounts payable increase	**129,532**	115,963	**131,272**	114,106
	378,734	180,715	**379,271**	178,755
20. Taxation Paid				
Taxation owing at beginning of year	**(5,988)**	4,448	**(5,328)**	5,221
Tax adjustment prior year	**(1,234)**	-	**(1,234)**	-
Taxation charge for the year	**18,356**	17,744	**18,023**	17,744
Taxation receivable at end of the year	**2,154**	5,988	**1,603**	5,328
Taxation paid	**13,288**	28,180	**13,064**	28,293

	Group		Company	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
21. Retirement Benefits				
Post-retirement benefits				

21. 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.

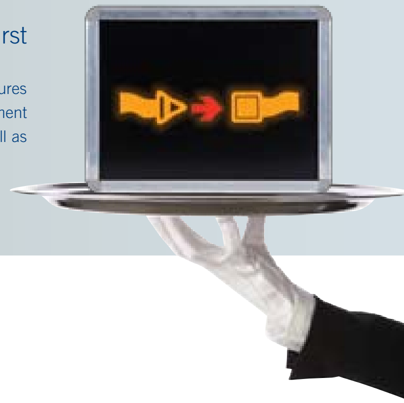
22. Operating Lease Commitments

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
Commitments for year one				
Property and buildings	**-**	-	**-**	-
Aircraft	**162,484**	167,727	**162,484**	167,727
	162,484	167,727	**162,484**	167,727
Commitments for year two to five				
Property and buildings	**-**	-	**-**	-
Aircraft	**399,768**	527,152	**399,768**	572,152
	399,768	527,152	**399,768**	572,152
Commitments after year five				
Property and buildings	**-**	-	**-**	-
Aircraft	**5,200**	40,300	**5,200**	40,300
	5,200	40,300	**5,200**	40,300
Total operating lease commitments	**567,452**	735,179	**567,452**	780,179

Leasing arrangements - Aircraft

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

Currently we have three 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 three aircraft leases at market related US$ amounts which have no escalation clauses in the agreements and are repayable at US$145,000 each per month. There are a further two aircraft leases at market related US$ amounts which have no escalation clauses in the agreements and are repayable at US$160,000 each per month. Management is of the view that all lease extension clauses will be exercised.



23. Borrowing Powers

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

24. 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: 4.6%) 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 R3.7 million (prior year R4.9 million) based on the closing share price of R1.85 (prior year R2). The last set of options offered vest over a period of 3 years. Management estimate that based on prior experience all share options will be taken up.

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

	2009 Number of share options	**2009 Weighted average exercise price R**	2008 Number of share options	2008 Weighted average exercise price R
Balance at beginning of period	**17,729,048**	1.56	**19,534,569**	1.51
Options accepted	**-**	-	**-**	-
Options exercised	**(427,498)**	0.87	**(1,339,844)**	0.87
Options forfeited	**(1,795,264)**	1.45	**(465,677)**	1.45
Balance at end of period	**15,506,286**	1.56	**17,729,048**	1.56

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

24. Share Incentive Trust (continued)

	Subscription price R	2009 Number of share options	2008 Number of share options
The options outstanding at 30 June 2009 become unconditional between the following dates:			
18 September 1998 and 1 January 2002	0.71	-	242,480
18 September 1998 and 1 January 2002	1.00	-	196,268
15 July 1999 and 1 July 2002	1.60	**45,625**	49,375
25 January 2000 and 1 January 2003	2.20	**23,638**	26,820
13 March 2000 and 1 January 2003	2.20	**144,000**	144,000
10 August 2000 and 1 July 2003	2.60	**1,154**	1,154
31 January 2001 and 1 March 2004	1.85	**63,785**	68,109
30 August 2001 and 1 September 2004	1.65	**4,848**	20,606
23 January 2002 and 1 March 2005	1.25	**34,400**	34,400
1 September 2004 and 1 September 2007	0.80	**483,336**	483,336
26 November 2004 and 26 November 2009	1.25	**187,500**	187,500
5 December 2005 and 5 December 2010	1.70	**3,093,000**	3,425,000
5 June 2006 and 5 June 2011	1.57	**11,425,000**	12,850,000
Total		**15,506,286**	17,729,048

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

Share options granted to Directors are as follows:

		2009	2008
Balance at beginning of period		**10,081,002**	10,778,882
Options granted		-	-
Options exercised		-	(697,880)
		10,081,002	10,081,002

The options outstanding for Directors at 30 June 2009 become unconditional between the following dates:

	Subscription price R	2009	2008
1 September 2004 and 1 September 2007	0.80	**400,002**	400,002
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**	10,081,002

25. Capital Commitments

Capital commitments for 2009/2010 are disclosed in note 4.

26. New Accounting Pronouncements

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

IFRS 1: First-time Adoption of International Financial Reporting Standards
IFRS 2: Share-based Payment
IFRS 3: Business Combinations
IFRS 5: Non-current Assets Held for Sale and Discontinued Operations
IFRS 7: Financial Instruments: Disclosures
IFRS 8: Operating Segments
IAS 1: Presentation of Financial Statements
IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10: Events after the Reporting Period
IAS 16: Property, Plant and Equipment
IAS 18: Revenue
IAS 19: Employee Benefits
IAS 20: Accounting for Government Grants and Disclosure of Government Assistance
IAS 23: Borrowing Costs
IAS 27: Consolidated and Separate Financial Statements
IAS 28: Investments in Associates
IAS 29: Financial Reporting in Hyperinflationary Economies
IAS 31: Interests in Joint Ventures
IAS 32: Financial Instruments: Presentation
IAS 34: Interim Financial Reporting
IAS 36: Impairment of Assets
IAS 38: Intangible Assets
IAS 39: Financial Instruments: Recognition and Measurement
IAS 40: Investment Property
IAS 41: Agriculture
IFRIC 15: Agreements for the Construction of Real Estate
IFRIC 16: Hedges of a Net Investment in a Foreign Operation
IFRIC 17: Distributions of Non-Cash Assets to Owners
IFRIC 18: Transfer of Assets from Customers

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group/Company.

27. Contingent Liabilities

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 further provision of R10 million in 2009 in our financial statements bringing the total provision to R20 million. 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.

28. Related Parties

Refer to Directors emoluments on page 25.

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

Interest received on the Commuter Handling Services Loan account amounted to R10.5 million for the financial year (prior year nil).

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

Passion for service

We're in the service delivery business, so quick responses and delivery on our promises, set us apart. We are always willing to go the extra mile. We do what we love and love what we do. This dedicated and committed passion radiates outwards, creating raving fans of our customers.

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" or "the Group")

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 Friday, 30 October 2009 at 12h00 for the following business:

1. To consider and adopt the annual financial statements of the Company for the year ended 30 June 2009 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 2009 be and is hereby approved.

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

3.1.1 Mr MD Moritz
3.1.2 Mr P van Hoven
3.1.3 Dr PJ Welgemoed
3.1.4 Mr ER Venter
3.1.5 Mr GS Novick

who retire by rotation at the Annual General Meeting, but, being eligible, offer themselves for re-election.

3.2 To re-elect Mr RR Mehta and Mr AK Gupta who were appointed as Directors of the Company on 4 December 2008 and 17 June 2009 respectively, and who retire at the Annual General Meeting, but being eligible, offer themselves for re-election.

3.3 To note the retirement of Mr BJ van der Linden as an Executive Director effective 30 June 2009.

A brief curriculum vitae in respect of each Director referred to in 3.1 and 3.2 appears on pages 66 and 67 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 B 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, 6 and 8 as Ordinary Resolutions, and number 7 as a Special Resolution.

Ordinary Resolutions

Control of authorised but unissued shares

5. **"RESOLVED THAT** the authorised but unissued shares in the capital of the Company be and are hereby placed under the control and authority of the Directors of the Company, which authority shall be restricted to 10% of the issued ordinary shares as at 30 June 2009 and that the Directors of the Company be and are hereby authorised and empowered to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as the Directors of the Company may from time to time and in their discretion deem fit, subject to the provisions of the Companies Act (Act 61 of 1973) as amended ("the Act"), the Articles of Association of the Company and the JSE Limited ("JSE") Listings Requirements, when applicable."

Approval to issue shares for cash

6. "**RESOLVED THAT** the Directors of the Company be and are hereby authorised by way of a general authority, to issue all or any of the authorised but unissued shares in the capital of the Company for cash as and when they, in their discretion, deem fit, subject to the Act, the Articles of the Association of the Company, the JSE Listings Requirements, when applicable, and subject to the following limitations, namely that:

6.1 the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;

6.2 any such issue will only be made to "public shareholders" as defined in the JSE Listings Requirements and not related parties, unless the JSE otherwise agrees;

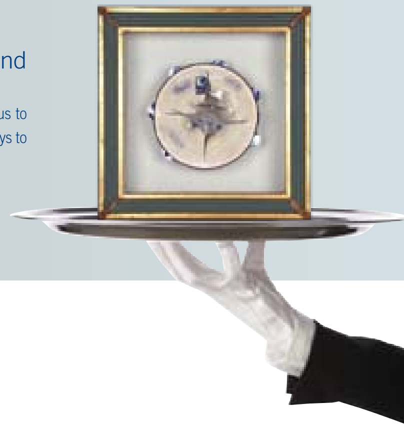
6.3 the number of shares issued for cash shall not in the aggregate in any one financial year exceed 10% (ten per cent) of the Company's issued share capital of ordinary shares as calculated in terms of the JSE Listing Requirements. The number of ordinary shares which may be issued shall be based on the number of ordinary shares in issue at the date of such application less any ordinary shares issued during the current financial year, provided that any ordinary shares to be issued pursuant to a rights issue (announced, is irrevocable and fully underwritten) or acquisition (which has had final terms announced) may be included as though they were shares in issue at the date of application;

6.4 this authority is valid until the Company's next Annual General Meeting, provided that it shall not extend beyond 15 (fifteen) months from the date that this authority is given;

6.5 a paid press announcement giving full details, including the impact on the net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within 1 (one) financial year, 5% (five per cent) or more of the number of shares in issue prior to the issue; and

6.6 in determining the price at which an issue of shares may be made in terms of this authority post the listing of the Company, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price on the JSE of those shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the Directors of the Company. The JSE should be consulted for a ruling if the Company's securities have not traded in such 30 business day period."

This Ordinary Resolution is required, under the JSE Listings Requirements, to be passed by achieving a 75% majority of the votes cast in favour of such resolution by all members present or represented by proxy and entitled to vote, at the Annual General Meeting."



Special Resolution Number One

Approval to repurchase shares

7. **"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:

7.1 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);

7.2 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;

7.3 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 business day period;

7.4 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 calculated as at the beginning of the financial year;

7.5 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;

7.6 the Company or its subsidiary or subsidiaries 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;

7.7 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;

7.8 the Company may only appoint one agent to effect any repurchase(s) on its behalf; and

7.9 the number of shares purchased and held by a subsidiary or subsidiaries of the Company shall not exceed 10% (ten per cent) in the aggregate of the number of issued shares in the Company at the relevant times."

The directors undertake that they will not effect a general repurchase of shares as contemplated above unless the following can be met:

- 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;
- 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;
- 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;
- 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; and
- 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.

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 23 and 24
Major shareholders of Comair – pages 69 and 70
Directors' interests in securities – page 22
Share capital of the Company – page 50

Litigation statement

In terms of section 11.26 of the JSE Listings Requirements, the Directors, whose names are given on pages 23 and 24 of the annual report of which this notice forms part ("the annual report"), are 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 23 and 24 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.

Statement of Boards intentions

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 Special Resolution Number One.

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

8. "**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."

Dignity and respect

Our employees work best when respected and we strive to be reasonable and considerate. It is vital that we be willing to listen and to treat company assets like our own. Respect views and beliefs of others and treating others as we would wish to be treated creates an environment of trust and respect for all colleagues.

Other Business

9. 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 Friday, 30 October 2009, at 12h00. 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:

- hold 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.

Equity securities held by a share trust or scheme will not have their votes at general/Annual General Meetings taken into account for the purposes of the resolutions proposed in terms of the JSE Listings Requirements.

By order of the Board

Mr DH Borer
Company Secretary

Date: Monday, 14 September 2009
Place: Bonaero Park

Directors Standing for Election or Re-Election

1. Mr MD Moritz
(Age: 64)
(BCom, LLB)

Martin matriculated at King Edward VII School, Johannesburg, in 1961 and graduated from the University of the Witwatersrand in 1968 with BCom and LLB degrees. After graduating he was appointed as Legal Adviser to Rand Mines Limited.

In October 1969, he commenced employment at Comair Holdings Limited as Assistant to the Managing Director. He was appointed Assistant General Manager of the Comair Group shortly thereafter and subsequently Group General Manager in 1973. In 1976 he acquired a shareholding in the Company as part of the management buy-out and was, in 1978, appointed Deputy Chairman of the Group, a position which he still holds today. He is a Fellow of the Royal Aeronautical Society and a Director of the Commercial Aviation Association of Southern Africa. Martin currently holds the position of Non-executive Joint Deputy Chairman of Comair.

2. Mr P van Hoven
(Age: 65)

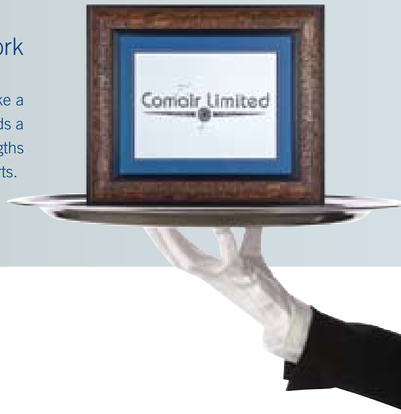
Piet joined Comair in 1965 and after having served the Company in a variety of designations, was appointed Managing Director in 1980. He completed 40 years' service with the Company in October 2005. He served as Chairman of the Airlines Association of South Africa for two terms of two years, and has been active in many industry committees. He was appointed as a member of the South African Tourism Board and served on several committees from 1983 until 1997. He was appointed Chairman of the South African Tourism Board in 1989 and served in that position until 1996. He has participated in many international seminars and conventions in respect of civil aviation and tourism development, served a three year term of office on the Board of the Civil Aviation Authority and was also President of the Afrikaanse Handels Instituut in 2000/2001. He retired as Managing Director of Comair on 30 June 2006 and currently serves as an Independent Non-executive Director.

3. Dr PJ Welgemoed
(Age: 66)
(BCom (Honours), MCom, DCom)

In 1971 Peter obtained a Doctorate in Transport Economics at the Rand Afrikaans University. In 1974, he was appointed Professor and Chairman of the Department of Transportation Economics and Director of the Research Centre for Physical Distribution and Transportation Studies at Rand Afrikaans University. Thereafter he served on various Boards of Directors of companies involved in transportation and banking. In September 1989 he was appointed Deputy Minister of Mineral and Energy Affairs and Public Enterprises. In 1989 he was appointed as a Member of the Cabinet, with the portfolio of Minister of Transport, and in 1992 as Minister of Transport and of Post and Telecommunication. In 1998 he was appointed as the Executive Chairman of the Board of Market Power (SA) in South America. He controlled the daily operations of the Group in Chile, Argentina and Uruguay from the Head Office in Santiago. At present he is involved in private business through directorships and consultancy.

Teamwork

We encourage our staff to be great people to work with. To make a proactive contribution, break down the barriers and work towards a common purpose. We recognise and utilise each other's strengths and understand that the whole is greater than the sum of its parts.



4. Mr ER Venter
(Age: 39)
(BCom CA (SA))

Erik completed articles with KPMG, whereafter he joined Brindley Manufacturing for a year as General Manager. He joined Comair in 1996 as Financial Manager and took on the role of Commercial Manager in 1998. He was appointed to the Board in July 2003 as Commercial Director, Joint CEO in July 2006 and as Financial Director in 2009.

5. Mr GS Novick
(Age: 39)
(BCom CA (SA), MBA)

Gidon started his career doing accounting articles at Fisher Hoffman. During articles he successfully completed the board exam towards his Chartered Accountant qualification. After completing three years of articles, he went to the United States to complete his MBA at Kellogg in Chicago. During his time in the US he also spent three months at AT Kearney, a consulting firm. Since returning from the US in 1998, Gidon has worked at Comair. He has been involved in various roles, including strategy, marketing and operations. He was appointed Joint CEO in July 2006 and currently looks after the kulula.com brand.

6. Mr RR Mehta
(Age: 51)
(BSc Chemistry (UK), MSc Total Quality Management (UK))

Raj worked in the Paint Industry as a research chemist before joining the Metal Container Industry in 1984, managing manufacturing plants in Turkey, France, Italy and the UK with American National Can and Carnaud MetalBox. Raj joined British Airways Engineering in 1998 and held posts in Supply Chain and Component Overhaul workshops. Currently responsible for Shorthaul Heavy Maintenance, London Gatwick Engineering Operations, Customer Engineering Group, 24 hour maintenance control and all the Engineering Planning activities. He was appointed to the Board as a Non-executive Director in December 2008.

7 Mr AK Gupta
(Age: 41)
(BSc)

Atul Gupta earned his BSc degree in India in 1989. After graduation he travelled the world to establish and invest in various companies. During the following three years (1990 to 1993), Atul also managed various family investments in China, overseeing the processes, controls and manufacturing. Thereafter in 1993 he made South Africa his home and started Sahara Computers, building up the very successful and renowned South African Brand of computers and laptops. Atul also forms part of various Sahara Group Associate companies as well as other companies in the capacity of Director of Afripalm Resources and Northam Platinum. He recently joined the Comair Board as a Non-executive Independent Director.

Share Price Performance

	2009	2008
Market Price (cents per share)		
Closing (30 June)	185	200
High	271	372
Low	125	200
Closing Price/Earnings Ratio	10.3	13.4
Number of shares in issue		
At year end (millions)	420	420
Weighted average (millions)	420	420
Volume of shares traded (millions)	15	38
Volume of shares traded to number in issue	3.6%	9.1%

Shareholder Analysis

1. Shareholder Spread

Bands	No. of shareholdings	%	No. of shares	%
1 – 1,000 shares	1,922	62,10	611,671	0,15
1,001 – 10,000 shares	846	27,33	3,242,400	0,77
10,001 – 100,000 shares	235	7,59	7,901,808	1,88
100,001 – 1,000,000 shares	63	2,04	17,086,649	4,07
1,000,001 shares and over	29	0,94	391,157,472	93,13
	3,095	100,00	420,000,000	100,00

2. Distribution of Shareholders

Type of shareholder	No. of shareholdings	%	No. of shares	%
Banks	4	0,13	417,228	0,10
Brokers	4	0,13	366,171	0,09
Close Corporations	28	0,90	168,274	0,04
Endowment Funds	6	0,19	751,754	0,18
Hedge Funds	3	0,10	851,900	0,20
Individuals	2,812	90,86	11,828,157	2,82
Insurance Companies	3	0,10	10,389,236	2,47
Investment Companies	4	0,13	10,999,927	2,62
Mutual Funds	41	1,32	76,965,066	18,33
Nominees and Trusts	85	2,75	5,018,030	1,19
Other Corporations	24	0,78	303,334	0,07
Pension Funds	26	0,84	14,669,335	3,49
Private (Pty) Companies	52	1,68	214,107,232	50,98
Public Companies	2	0,06	53,969,323	12,85
Share Trust	1	0,03	19,195,033	4,57
	3,095	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.

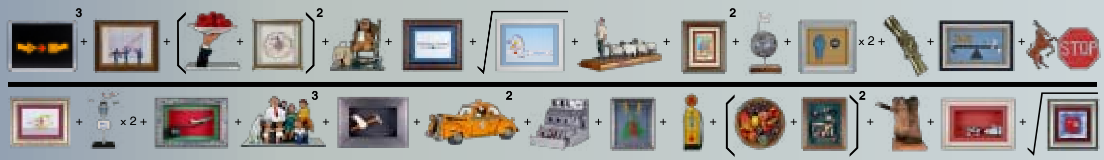
Shareholder	No. of shares	% shareholding
BB Investment Company (Pty) Limited	106,833,597	25,44
Britair Holdings Limited	53,996,623	12,85
Innercreek Investments (Pty) Limited	43,529,480	10,36
Jetcreek Investments (Pty) Ltd	33,529,480	7,98
Oasis Crescent Equity Fund	20,988,110	5,00
Alan Gray Equity Fund	20,720,378	4,93
Oakbay Investments (Pty) Ltd	20,000,000	4,76
Comair Share Incentive Trust	19,195,033	4,57

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 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 (11)	104,732,337	24,93			104,732,337	24,93
Strategic holdings (more than 10%)						
BB Investment Company (Pty) Ltd (1)	106,833,597	25,44			106,833,597	25,44
Britair Holdings Limited (1)			53,966,623	12,85	53,966,623	12,85
Share trusts						
Comair Share Incentive Trust (1)	19,195,033	4,57			19,195,033	4,57
Public shareholders						
Resident (3,048)	124,735,488	29,70			124,735,488	29,70
Non-resident (33)			10,536,922	2,51	10,536,922	2,51
Total (3,095)	**355,496,455**	**84,64**	**64,503,545**	**15,36**	**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 Securities Exchange South Africa at 30 June 2009 was 32,21% represented by 3,081 Shareholders holding 135,272,410 ordinary shares in the Company.



Comair Limited

Form of Proxy for Annual General Meeting

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

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 Friday, 30 October 2009 at 12h00. 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 ______________ votes 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 Directors' remuneration policy			
3	To re-elect the following Directors:			
	Mr MD Moritz			
	Mr P van Hoven			
	Dr PJ Welgemoed			
	Mr ER Venter			
	Mr GS Novick			
	Mr RR Mehta			
	Mr AK Gupta			
4	To re-appoint and determine the auditor's remuneration			
5	Ordinary Resolution: Control of authorised but unissued shares			
6	Ordinary Resolution: Approval to issue shares for cash			
7	Special Resolution Number 1: Approval to repurchase shares			
8	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* ______________ *2009*
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 to be received not later than 48 hours before the Annual General Meeting, being Friday, 30 October 2009 at 12h00.

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
   (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 care of its Transfer Secretaries 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
Kempton Park
1619

Transfer secretaries
Computershare Investor Services (Proprietary) Limited
Ground Floor
70 Marshall Street
Johannesburg
2001
(PO Box 61051, Marshalltown, 2107)

Principal Place of Business
1 Marignane Drive
Bonaero Park
Kempton Park
1619

Comair Limited