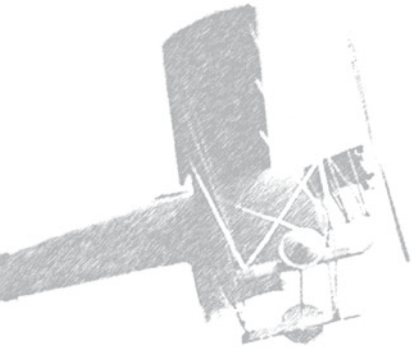
2007

Comair Limited

annual report



Statistics for 2007 year

Consecutive years of operating profit	***61***
Kilometres flown	***31 321 837***
Take offs and landings	***31 346***
Passengers carried	***3 141 000***
Freight carried (tonnes)	***7 900***
Fuel uplifted	***160 million litres***
Maintenance	***350 000 man hours***
Individual payroll payments	***over 20 000***
Staff trained	***1 143***
Meals served	***over 1,4 million***
Unaccompanied Children	***3 937***
Wheel chair passengers	***7 599***
Bicycles carried	***2 740***
Magazines on board	***609 660***

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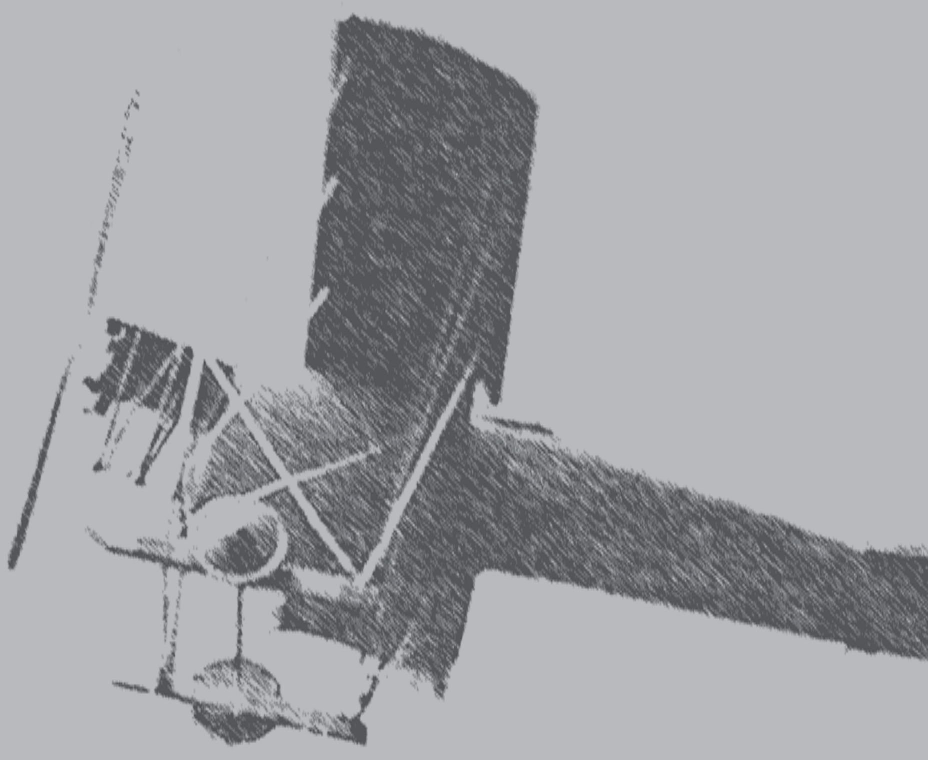


Chairman and Joint CEOs' Report

We're proud to announce this year's results for Comair Limited. The Company continues to maintain what we believe to be a world record in the airline industry of sixty one years of consecutive operating profits.

We would like to congratulate and thank all 1 559 members of the Comair team for their part in achieving these results. We continue to attract the best talent in the industry, and the team's persistent focus on serving our customers forms the basis of our success. We thank our customers for their ongoing support of both our British Airways and kulula.com brands.

Financial Performance

Consistent growth in both volumes and yields across both our brands delivered turnover growth of 12% to R2,2 billion. Record profits resulted in a 39% increase in earnings per share, and were achieved despite a R120 million price related increase in our fuel bill. Our operating margin of 7.7% is improved from 6.7% in the prior year, but is still below our target of 10%. Cash flow remained strong, with R316 million generated by operations, resulting in a cash balance of R242 million at year end. It is envisaged that a final dividend of 9 cents (prior year: 7 cents) per share will be declared during October 2007. In a recent survey by leading airline industry researcher, Airwatch, Comair was ranked third in the world amongst similar sized airlines on its strong financial performance.

Service Delivery

Service delivery on both of our brands has improved year on year, as measured by our ongoing monthly customer surveys as well as regular feedback that we receive from our customers. In the critical area of on time performance, we achieved an 84% on-time record, still short of our target of 90%. The main reasons for this were the increasing maintenance load of our MD82 fleet as well as airport congestion at ACSA airports. The replacement of the MD82s with our new Boeing 737-400s is resulting in significant improvements to kulula.com's on time performance. Airport congestion however remains of concern.

Brand Performance

Both the British Airways and kulula.com brands performed well during the year and continued to achieve consistently higher occupancy levels than competitor airlines. In the Sunday Times Markinor Annual Brands survey, both British Airways and kulula.com were rated in the top three recognised airline brands in South Africa.

We successfully concluded a long term extension of the British Airways licence agreement following the initial ten year term. We also invested in a new business class ("Club") product which included an upgrade to our on-board catering and a 'first class' style of service. The Club product remains the preferred product among premium business travellers.

The kulula.com brand continued to grow in an increasingly competitive environment. The new Boeing 737-400s, which are replacing the MD82s, have had a very positive impact on the brand. kulula.com was recently awarded the "Best Low Cost Airline in Africa" by Skytrax. Expansion at Lanseria Airport, which is both more cost effective and less congested than OR Tambo International Airport, has given kulula.com a strong competitive advantage. The unique personality of the kulula.com brand in the South African market has opened up opportunities for us to extend this brand beyond air travel and we are already seeing a very positive uptake of the kulula.com VISA credit card. We intend to extend this brand further in the near future.

Social Awareness

We continue with our commitment to playing our part in a changing society in South Africa. The Comair Team now comprises 53% black employees, up from 29% five years ago, and 79% of employees are from designated groups. We are sponsoring another four black students in our Cadet Pilot Programme and, through our partnership with the Harambe Community Centre, have also trained and employed over 30 candidates as check-in agents and call centre consultants. We continue to focus our recruitment and training efforts on achieving a demographically representative team.

The South African Police Services initiative, to enable the dedicated police men and women of South Africa to see the country they protect, has resulted in over 35 000 SAPS members and their families travelling at heavily discounted rates on kulula.com during the year. Our controversial campaign to convince the government to introduce daylight saving time in South Africa and benefit from energy savings, reduced crime and extended leisure time, is still progressing. Lastly, the joint initiative with our customers to raise money and awareness for the Childrens Haematology Oncology Clinics ("CHOC") was hugely successful, and we raised over R1 million for this very worthy cause.

Our BEE partner, the Thelo Consortium, has provided valuable input to the business both on the Board of Directors and by assisting us with various growth initiatives, and the Consortium is already accruing significant value through its shareholding.

Fleet

During the year we aggressively pursued the implementation of our fleet replacement programme. An additional two aircraft were bought for cash for R200 million and brought into service. Our goal is to replace the entire kulula.com fleet by the end of the calendar year. The replacement Boeing 737-400s are not only more efficient to operate, but also offer a much better customer experience. Furthermore, our new kulula.com fleet will continue to ensure that our cost per seat remains the lowest in the industry. We will also start benefiting from the many efficiencies associated with a single aircraft type fleet.

Shortly after our year end we concluded a long term maintenance agreement with SAAT ("South African Airways Technical") to maintain our entire fleet of 23 Boeing 737 aircraft. SAAT is a world class aircraft maintenance company that sets the standards for aircraft maintenance in Southern Africa. We will achieve cost savings with our new maintenance arrangements and also anticipate improved fleet reliability.

Safety

Safety remains top priority for Comair, and we will be commencing with the biannual renewal of our IATA Operations Safety Audit certification in February 2008. There were no significant safety incidents during the year. We continue to offer world class Boeing 737 ground training and flight simulator training to foreign airlines, and our own pilots are highly sought after by reputable, international airlines.

Route Expansion

Currently we offer 14 routes on our network. Our newest route, to Mauritius, although very seasonal, is performing well. Our domestic expansion will be focused on extending our services out of Lanseria Airport. We will continue to pursue international route growth both within Africa and beyond.

Partnership Development

We continue to build our business on the strength of great partnerships. We concluded the sale of a majority stake in our ground handling business, Commuter Handling Services ("CHS"), to Bidvest, currently Comair's largest single shareholder. CHS was recently awarded a third party ground handling licence at ACSA airports which presents a strong growth opportunity for this business.

The Air Freight venture with the Imperial Group, Imperial Air Cargo ("IAC"), has achieved a strong customer base in the domestic market and is budgeted to achieve profitability in the 2008 financial year.

Our partnership with Discovery Health, through their highly successful Vitality Programme, was extended this year when we started providing car rental to their base to supplement the existing support from the Discovery members on air travel.

Leadership Structure

The first year of our Joint CEO structure has worked exceptionally well and has allowed us to maintain a strong focus on both operational excellence and growth opportunities.

Outlook

The major risk factors in our industry remain the volatile oil price and exchange rate, and the distortion of the industry through government subsidised competition. We will continue to hedge a part of our exposure to the oil price and currency in order to partially mitigate these risks. Our new fleet will, as mentioned above, reduce our fuel requirements. Continued pricing of tickets at below cost by the state owned competitor, will reduce margins on the low cost end of the market. A further concern for the industry is the rapidly escalating airport charges as well as increased airport congestion.

We will continue to benefit from cost efficiencies, not only from our new fleet but also through our new, streamlined maintenance contract and reduced distribution charges.

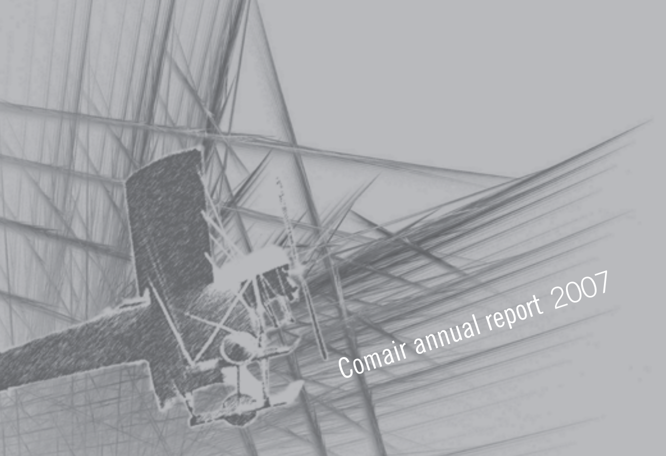
Once again, we are confident that the commitment and creativity of the Comair team, and the strength of our brands, will allow us to maintain our leadership position in the Southern African airline industry, while simultaneously providing scope to develop successful new business ventures.

Five-Year Review

for the year ended 30 June 2007

	2007 R'000	2006 R'000	2005 R'000	2004 R'000	2003 R'000
Group Income Statement					
Revenue	**2,211,743**	1,973,245	1,713,583	1,474,549	1,365,907
Operating expenses	**2,041,975**	1,840,099	1,602,833	1,433,804	1,354,003
Operating profit before exceptional items	**169,768**	133,146	110,750	40,745	11,904
Aircraft deposit translation loss	**-**	-	-	(5,120)	(11,604)
Aircraft deposit write-off	**-**	-	-	(24,752)	-
Aircraft impairment	**-**	-	-	(115,106)	(35,000)
Aircraft forward cover exchange loss	**-**	-	-	(16,658)	-
Sun Air investment settlement	**-**	-	-	-	(3,600)
Profit/(loss) from operations before taxation	**169,768**	133,146	110,750	(120,891)	(38,300)
Net investment (expense)/income	**(12,292)**	(17,272)	(12,144)	(15,257)	987
Profit/(loss) from ordinary activities before taxation	**157,476**	115,874	98,606	(136,148)	(37,313)
Taxation	**(48,313)**	(37,074)	(25,863)	39,448	14,386
Profit/(loss) for the year	**109,163**	78,800	72,743	(96,700)	(22,927)
Group Balance Sheet as at 30 June					
Assets					
Property, plant and equipment	**676,029**	503,455	419,894	343,927	295,452
Investment in associates	**13,404**	-	-	-	-
Available for sale assets	**88,740**	67,320	45,900	-	115,035
Deferred taxation	**-**	-	6,094	31,435	-
Current assets	**366,112**	488,777	335,945	316,639	293,623
	1,144,285	1,059,552	807,833	692,001	704,110
Equity and liabilities					
Share capital and reserves	**425,531**	368,061	308,274	234,236	339,050
Interest-bearing liabilities	**259,952**	296,281	177,740	190,787	21,331
Deferred taxation	**20,766**	5,128	-	-	8,017
Current liabilities	**438,036**	390,082	321,819	266,978	335,712
	1,144,285	1,059,552	807,833	692,001	704,110
Salient features					
Operating margin	**7.7%**	6.7%	6.5%	2.8%	0.9%
Earnings margin	**4.9%**	4.0%	4.2%	-6.6%	-1.7%
Earnings per share (cents)	**27.3**	19.7	18.2	(24.2)	(5.7)
Headline earnings per share (cents)	**25.2**	19.7	16.4	12.1	6.8
Dividends per share declared (cents)		7.0	7.0	2.0	2.0
Weighted ordinary shares issued ('000)	**399,517**	399,412	399,441	399,431	399,434
Weighted ordinary shares in issue	**420,000**	420,000	420,000	420,000	420,000
Adjustment in respect of consolidation of share trust	**(20,483)**	(20,588)	(20,559)	(20,569)	(20,566)

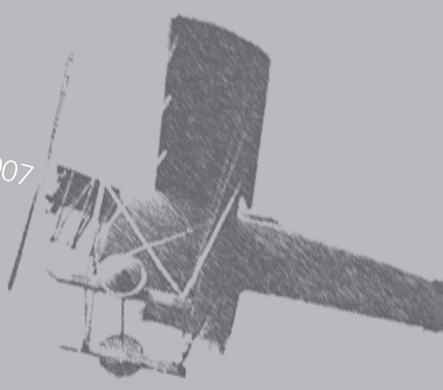
Note: Results for 2003 and 2004 have not been changed for IFRS.



Group Value Added Statement

for the year ended 30 June 2007

	2007 R'000	%	2006 R'000	%
Wealth Created				
Group revenue	2,211,743		1,973,245	
Cost of materials and services	(1,668,821)		(1,495,300)	
Value added	542,922		477,945	
Interest income	19,574		13,691	
Total value added	562,496		491,636	
Wealth Distributed				
Employees				
Salaries, wages and related benefits	297,860	53%	276,523	56%
Providers of capital				
Interest on loans	35,145	6%	34,300	7%
Dividends paid to shareholders	27,959	5%	27,960	6%
Government				
Taxation expense	33,187	6%	25,852	5%
Re-invest in the Group	168,345	30%	127,001	26%
Depreciation	87,141		76,161	
Retained income	81,204		50,840	
	562,496	100%	491,636	100%

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Corporate Governance

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

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

Statement of Compliance

The Board is of the opinion that throughout the financial year under review, that it has, other than as set out below, complied in all material aspects with the principles of King II and the provisions as set out in the Listing Requirements of the 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.

Code of Ethics

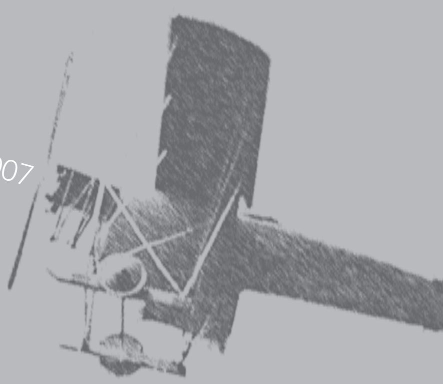
The Company has a strong culture of entrenched values, which forms the cornerstone of expected behaviour of the Company towards its stakeholders. These values are embodied in a written document known as the Company Code of Ethics. The Code is continually evaluated and updated and commits Directors and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

Financial Reporting and Going Concern

The Directors are responsible for the preparation of the annual financial statements in a manner that fairly and accurately represents the state of affairs and results of the Company. The Directors are responsible for adopting sound accounting practices, maintaining adequate accounting records and ensuring an effective system of internal controls and for the 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 18-19. 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 2007, the Board comprised of four independent Non-Executive Directors, five non-independent Non-Executive Directors and five Executive Directors as defined in the listing requirements of the JSE Securities SA.

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

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

- Determining and providing strategic direction to the Company
- Adoption of strategic plans and ensuring that same, through the Executive Directors, are effectively implemented
- 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 (effective 1 July 2006) 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
- Settle principles for recommending the use of external auditors for non-audit services.

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

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

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

Board Committees

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

Audit and Risk Management Committee

The members of this committee are all Non-Executive Directors with the majority of the members being independent. All members are financially literate and all possess substantial business and financial expertise. The Committee meets at least twice a year. Both internal and external auditors have unrestricted access to the Committee.

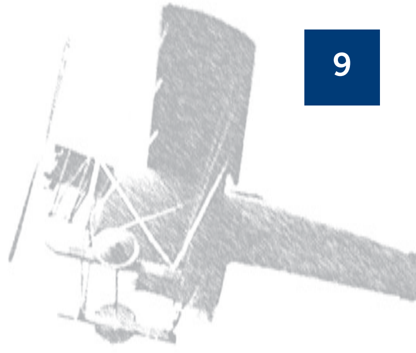
The Chairman of the Board, CEOs, Executive Manager: Finance, internal auditor and external auditors attend the Audit and Risk Management Committee Meetings by invitation. The Committee held three meetings during the financial year under review.

Composition of Committee and Attendance

Membership		**Attendance**
Chairman:	PJ Welgemoed	3/3
Members:	RC Sacks	1/3
	L Cromwell Griffiths	3/3
	KI Mampeule	2/3

The Committee, amongst other things, identifies and evaluates exposure to financial risk, the adequacy of internal controls and provides effective communication between Directors, management and the internal and external auditors. The main responsibilities of the Audit and Risk Committee are, amongst others, to:

- Review and recommend to the Board for approval the Company's annual report, interim reports and results announcement
- Review and evaluate the effectiveness and performance of the external auditors as well as the scope, adequacy and costs of audits to be performed
- Evaluate and approve the external auditors' plans, findings and reports
- Review, evaluate and approve the activities, scope, adequacy and effectiveness of the Company risk management functions
- Evaluate the effectiveness of the internal auditing function, including its activities, scope and adequacy and receive and approve the internal audit plan, internal audit reports and material changes to same



- Evaluate procedures and systems, including but not limited to, internal controls, disclosure controls and the internal audit function, and
- Monitor the ethical conduct of the Company and Group.

Nominations and Remuneration Committee

The members of this Committee, are all Non-Executive Directors with the majority of the members being independent.

This Committee considers the issue of succession planning and remuneration for Executive Directors and Executive Managers.

The remuneration policy and the execution thereof is the responsibility of the 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. Remuneration is reviewed at appropriate intervals 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 20.

The CEOs, in consultation with the Board Chairperson, Nominations and Remuneration Committee, are responsible for ensuring that an adequate succession plan is in place.

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

Composition of Committee and Attendance

Membership		**Attendance**
Chairman:	JM Kahn	2/2
Members:	RC Sacks	1/2
	L Cromwell Griffiths	2/2

Amongst others, the main responsibilities of the Nominations and Remuneration Committee are to:

- Make recommendations on the appointment of new executive and Non-Executive Directors
- Make recommendations on the composition of the Board generally and the balance between Executive and Non-Executive Directors
- Review plans for succession and ensure their adequacy, for the Chairperson, Managing Director or with effect from 1 July 2006 the CEOs and Executive Directors
- Review the Board structure, size and composition and make recommendations with regard to any adjustments deemed necessary
- Ensure that formal board appointment policies and procedures are followed and that such appointment policies and procedures are reviewed and updated when necessary
- Determine the Company's general policy on remuneration as well as specific policies in respect of Executive Directors remuneration
- Review and determine remuneration packages for Executive Directors and Executive Management including but not limited to basic salary, annual bonuses, benefits, performance based incentives and share incentive scheme awards
- Review the Company's Code of Ethics
- Annually review the general level of remuneration for Directors of the Board as well as its committees and recommend proposals in this respect for approval by shareholders at general meetings
- Make recommendations in respect of awards from the Comair Share Incentive Scheme, and
- Review employment equity and skills development plans.

Discharge of Responsibilities

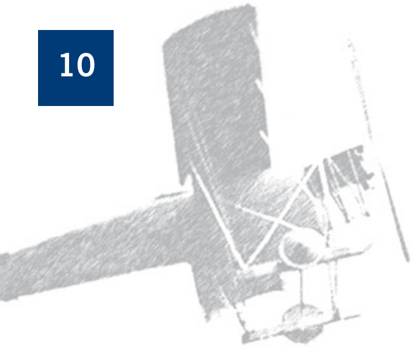
The Board is of the view that the Committees have discharged their responsibilities for the financial year under review in compliance with their terms of reference.

Risk Management

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

Internal Control

The Board has responsibility 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 Company's Internal Risk Committee, who in turn makes recommendations to Executive Management as well as to the Audit and Risk Management Committee.



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

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

Internal Audit

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

External Audit

The Company's external auditors are PKF (JHB) Inc. 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 uses its best endeavours to maintain dialogue with its shareholders and other interested parties. The Company also meets with its institutional shareholders generally 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 the 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 well-balanced Black Economic Empowerment ("BEE") 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 BEE programme and has achieved progress in a number of areas particularly insofar as ownership, affirmative procurement and skills development is concerned. While the Company has made great progress in addressing some of the significant BEE imperatives, it is aware that the task of transformation is by no means complete.

From an ownership perspective, the Company concluded a 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 (Pty) Ltd ("the Thelo Consortium") led by Thelo Aviation Investments (Pty) Ltd ("Thelo Aviation Investments"). In addition to the aforgoing, Thelo Aviation Investments have purchased an additional 6 172 550 shares in 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 can add value in that:

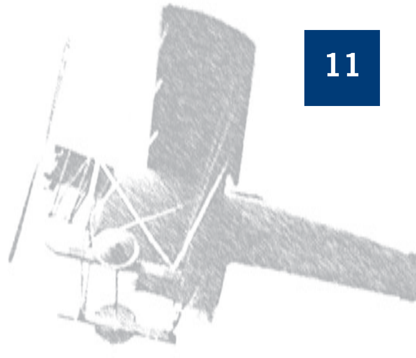
(a) The Thelo Consortium brings industry specific experience and a broadbased empowerment component to the BEE initiative

(b) The Thelo Consortium is well positioned to assist with empowerment initiatives at all levels of the Company's business, and

(c) The Thelo Consortium has committed time and effort to participating in the strategic initiatives of the Company.

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

Apart from the ownership perspective, the Company is of the view that, in order to sustain its business performance into the future, the profile of the Company's employees at all levels 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 redressing the inequities of the past, identifying and developing talented individuals from designated groups and ultimately ensuring that in all occupational categories it is more representative of the South African population at large. The Company recently submitted its Employment Equity Plan for the period July 2007 to June 2012. Over the five year period of the previous plan, Comair increased its percentage representation of black employees from 29% to 53%, which effect was compounded by significant growth of the Company over the same period. At year end, designated staff constituted 79% of total employees. The Company has implemented numerous practices to facilitate the achievement of a demographically representative work force.



	Male					Female							as at 29 May 2007	
Occupational category	**A**	**C**	**I**	**W**	**Total male**	**A**	**C**	**I**	**W**	**Total female**	**Total per OC**	**Total DS**	**Percentage DS per OC**	**Percentage females per OC**
Managers	0	1	3	19	23	3	2	4	22	31	54	35	65%	57%
Professionals	0	0	0	5	5	2	0	3	6	11	16	11	69%	69%
Technical (incl. pilots)	6	2	1	200	209	0	0	4	31	35	244	44	18%	14%
Clerical	7	1	1	13	22	17	4	6	48	75	97	84	87%	77%
Service & Sales	106	54	37	93	290	300	154	78	328	860	1 150	1 057	92%	75%
Elementary	3	0	0	0	3	17	0	0	0	17	20	20	100%	85%
Total	**122**	**58**	**42**	**330**	**552**	**339**	**160**	**95**	**435**	**1 029**	**1 581**	**1 251**	**79%**	**65%**

OC – Occupational Category
DS – Designated Staff

From a Human Resource point of view, the Company is also committed to training and educating its employees. On-going in-house training takes place throughout the Company to ensure that employees are adequately skilled to perform their functions, and 1 143 employees attended training courses during the year.

The occupational category that faces the greatest challenge to meet Employment Equity targets, is that of technical staff, which in the case of Comair comprises mainly pilots. To this end 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.

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 ("ICAOs") recommended "balanced approach".

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

Aircraft noise

Annoyance and sleep disturbance are the most commonly reported adverse 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 had the impact of internalising external costs of current aircraft noise to a large extent. International standards pertaining to aircraft noise and agreements on phasing out older aircraft have played a major part in this, supported by operating restrictions including the use of airspace, night restrictions and airport ground operations.

The Company, has over the past three years, implemented a fleet replacement strategy including the acquisition of three Boeing 737-400 and seven Boeing 737-300 aircraft. The Company will in addition be replacing its six MD82 aircraft with more modern Boeing 737-300 and 400 aircraft. The new aircraft are not only quieter, but also offer better performance and fuel economy.

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

Safety and security

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

The safety and security of our staff and customers remains a number one priority and safety standards remain paramount. The Company underwent an IATA Operational Safety Audit ("IOSA") during May 2006 and received IOSA safety registration. Preparatory work is already under way for the next IOSA audit to be conducted in 2008. The Company again received extremely favourable audit ratings from both British Airways PLC and the South African Civil Aviation Authority.

Health and safety

The Company pays due regard to the health and safety of its employees and strives to provide them 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

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.

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.

Skills development

Continual development and learning is regarded as a means to achieving competitive advantage.

It is the passion of the Company's people to deliver service excellence that has made both the organisation's brands, British Airways and kulula.com, household names. The Company's service culture can be ascribed to rigorous recruitment and selection and a commitment to continuous training and development of all staff members. The Company spends well in excess of 5% of payroll on training and developing its staff, ensuring that the highest standards of safety and service are maintained.

In addition to recurrent pilot training, the Company runs extensive internal training programmes for cabin attendants, airport and call centre staff, the majority of whom are new in the job market.

Our customers

To better understand customers' needs, Comair conducts monthly onboard research to randomly selected customers, to gain insight into the service offering on both airlines, and what can be done to improve on it. In addition, both the British Airways and kulula.com brands have a dedicated Customer Relations Department to monitor and attend to 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.

Corporate social investment

As a corporate citizen, the Company endeavours wherever possible to improve the lives of fellow South Africans. The Company has partnered with Harambe Community Development Centre, an Ekurhuleni community initiative, to increase skills development in that area.

To date, 57 unemployed individuals from designated groups, between the ages of 18 to 21 have been accepted to participate in a six-month customer service agent training programme. They will undergo both classroom training at Comair's commercial training centre and on-the-job training at OR Tambo International Airport alongside skilled Comair staff. An additional 15 previously unemployed individuals from Ekurhuleni have been accepted to participate in a six week cabin crew training programme. This initiative is related to the upliftment of these youth and prepares them for employment in the formal sector. A portion of this training cost is funded by the Transport Education Training Authority.

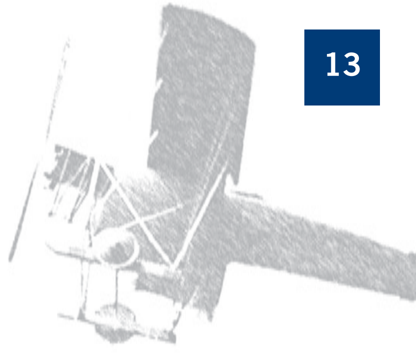
The Company believes that social responsibility should not be seen as a budgeted write-off but rather as a duty and an obligation to help those less fortunate and to make a positive impact on society in general.

It is exactly this attitude among its staff that has ensured that the Company has been able to provide assistance to the following organisations over the years:

(a) The British Airways Brand

CIDA

The CIDA City Campus, South Africa's first virtually-free tertiary institution, is an organisation with which the British Airways brand is proud to be associated. For the past five years, British Airways has



provided CIDA with flights for lecturers from around the country to Johannesburg and Cape Town to ensure that its students receive the highest level of education from experts around South Africa. CIDA is a catalyst for providing open access to relevant tertiary education as a fundamental driver for wealth creation. The institution's graduates will generate between R800 million and R2 billion in income over the course of their working careers. This is 100 times more than the cost of the investment in their education. There are currently 160 CIDA graduates who are already working in full-time jobs. The students have all entered the economy earning starting salaries generally between R60,000 to R120,000 a year.

There is no finer return-on-investment than every single rand spent in investing in economically relevant higher education and entrepreneurial opportunity. These earnings will go directly into the hands of historically disadvantaged families. This is real and meaningful empowerment, taking families out of poverty and into middle class society, thereby creating long-term stability and economic democracy. Most of these graduates are earning in one year what their families have not earned in a lifetime

(b) The kulula.com Brand

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

Daylight Saving
kulula.com has initiated its Fight for Light campaign to introduce daylight saving in South Africa. Over 70 countries around the world, including our neighbour, Namibia, benefit from an extra hour of light during the summer months by turning their clocks forward by one hour. The benefits of daylight saving include much needed power savings and reduced crime. This initiative has the support of over 30 000 kulula.com customers and many corporate clients, including its credit card partner, First National Bank.

CHOC
The Company's relationship with the Childrens Haematology Oncology Clinic ("CHOC") has been ongoing and kulula.com continues to provide flights to the children and their noble caregivers. This is certainly a very worthy cause and kulula.com is proud to be associated with CHOC.

The initial fund raising target for CHOC was R1 million, however through a highly successful donation facility on the kulula.com website, this figure has been far surpassed. To date, in excess of R2 million has been raised for CHOC and has been utilised for the organisation's various projects.

Furthermore, kulula.com has been proudly associated with a number of needy charities by supporting them with free air tickets to help them with their causes.

Report of the Independent Auditors

Report on the Financial Statements

We have audited the financial statements of Comair Limited, which comprise the Director's report, the balance sheet as at 30 June 2007, 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 17 to 40.

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

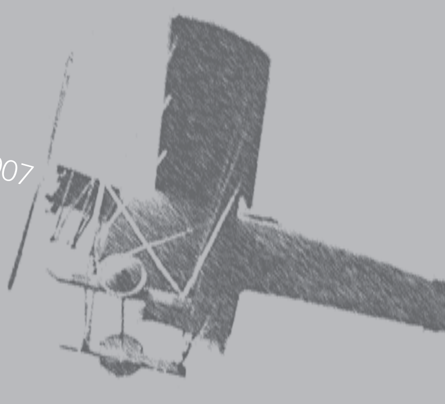
In our opinion, the financial statements present fairly, in all material respects, the financial position of Comair Limited as of 30 June 2007, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act in South Africa.

PKF

PKF (Jhb) Inc
Chartered Accountants (SA)
Registered Auditors
Registration number: 1994/001166/21

Per JA Craner
Director

Johannesburg
10 September 2007



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 17 to 40 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 17 to 40 were approved by the Board of Directors on 10 September 2007 and signed on its behalf.

ER Venter	**GS Novick**	**D Novick**
Joint CEO	***Joint CEO***	***Chairman***
10 September 2007	10 September 2007	10 September 2007

Statement of Company Secretary

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

DH Borer
Company Secretary
10 September 2007

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 2007.

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 17 to 40 of the annual financial statements for the year ended 30 June 2007.

Dividends

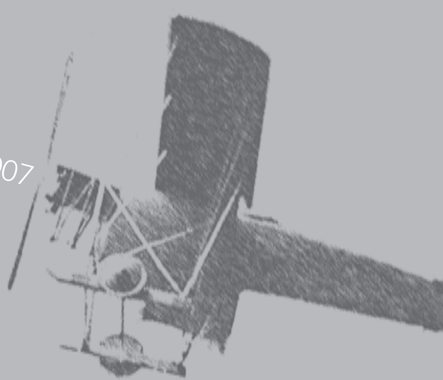
It is envisaged that a final dividend of 9 cents (prior year: 7 cents) per share will be declared during October 2007.

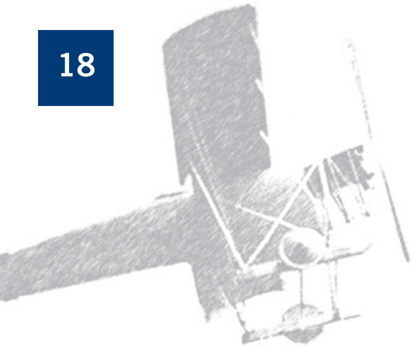
Share Capital

75 million “A” class shares of 1 cent per share were added to authorised share capital during the year. These shares were authorised as part of the BEE transaction. 74 117 647 “A” class shares were issued to the BEE partner. 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.





Directors Interest in Share Capital

The Directors of the Company held the following direct and indirect interests in the issued share capital of the Company at 30 June 2007:

	2007		2006		2007		2006		2007		2006	
	Beneficial		Beneficial		Non-Beneficial		Non-Beneficial		Total Shares	Per-centage	Total Shares	Per-centage
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect				
D Novick	-	53 529 480	-	56 615 755	-	-	-	-	53 529 480	12.75	56 615 755	13.48
MD Moritz	-	53 529 480		56 615 755	-	-			53 529 480	12.75	56 615 755	13.48
P van Hoven	204 647		204 647	-	-	-	-	-	204 647	0.05	204 647	0.05
GS Novick	307 800	-	307 800	-	-	-	-	-	307 800	0.07	307 800	0.07
ER Venter	10 000	-	-	-	-	-	-	-	10 000	0.00	-	-
MN Louw	1 000	-	1 000	-		-		-	1 000	0.00	1 000	-
PJ Welgemoed	104 200	-	104 200	-	-	-	-	-	104 200	0.02	104 200	0.02
KI Mampeule*	-	-		-	-	-	-	-	-	-	-	-
RS Ntuli*	-	-	-	-	-	6 172 550	-	-	6 172 550	1.47	-	-
DH Borer**	167 000	-	217 000	-	-	-	-	-	167 000	0.04	217 000	0.05
Total	**794 647**	**107 058 960**	**834 647**	**113 231 510**	-	**6 172 550**	-	-	**114 026 157**	**27.15**	**114 066 157**	**27.15**

* 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.

** Alternate Director

There has been no change in the Directors' interests in share capital between 30 June 2007 to the date of posting of this annual report.

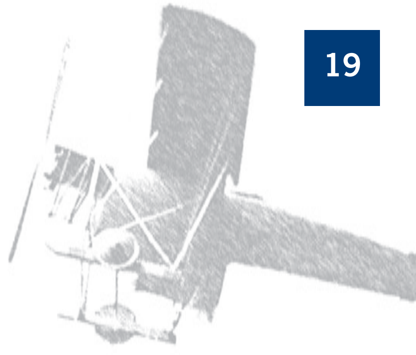
Special Resolutions

Since the last annual report, the Company passed one (1) Special Resolution at its Annual General Meeting held on 28 October 2006, namely a Special Resolution as contemplated in terms of Section 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 aforgoing, no other Special Resolutions were passed.

Board of Directors

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

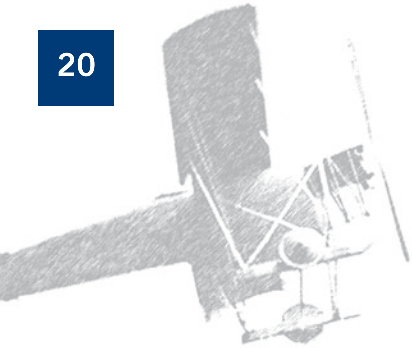
Executive Directors				
Name, Age, Qualification	**Nationality**	**Business Address**	**Four (4) Board Meetings held during the year: Attendance**	**Position**
Gidon Saul Novick, Age: 37 BCom; CA(SA); MBA	South African	1 Marignane Drive, Bonaero Park, Kempton Park 1619	3 of 4	Joint CEO
Erik Rudolf Venter, Age: 37 BCom; CA(SA)	South African	1 Marignane Drive, Bonaero Park, Kempton Park 1619	4	Joint CEO
Bertrandus Johannes van der Linden, Age: 59	Netherlands	1 Marignane Drive, Bonaero Park, Kempton Park 1619	4	Director Special Projects



Name, Age, Qualification	Nationality	Business Address	Four (4) Board Meetings held during the year: Attendance	Position
Executive Directors				
Martin Nicolaas Louw, Age: 52 BMil	South African	1 Marignane Drive, Bonaero Park, Kempton Park 1619	4	Director Flight Operations
Derek Henry Borer, Age: 45 BCom; LLB	South African	1 Marignane Drive, Bonaero Park, Kempton Park 1619	4	Alternate Director to Bertrandus Johannes van der Linden
Non-Executive Directors				
Donald Novick, Age: 69 CA(SA)	South African	1 Marignane Drive, Bonaero Park, Kempton Park 1619	3 of 4	Chairman
Martin Darryl Moritz, Age: 62 BCom; LLB	South African	1 Marignane Drive, Bonaero Park, Kempton Park 1619	4	Deputy Chairman
Pieter van Hoven, Age: 63	South African	1 Marignane Drive, Bonaero Park, Kempton Park 1619	4	Director
Lloyd Cromwell Griffiths, Age: 62 ATPL	British	British Airways plc, The Compass Centre, Heathrow Airport, Middlesex TW6 1JA, UK	4	Director
Alan Kerr Buchanan, Age: 49 MA; LLB	British	British Airways plc, Waterside (HBA3) Harmondsworth, Middlesex UB7 OGB, UK	3 of 4	Director
Ronald Sibongiseni Ntuli (1), Age: 37 LLB (Edinburgh University)	South African	Ground Floor, Block G, Pinmill Farm, 164 Katherine Street, Sandown, Sandton 2196	3 of 3	Director
Independent Non-Executive Directors				
Rodney Cyril Sacks, Age: 57 H.Dip.Law, H.Dip.Tax	South African	Suite 101, 1010 Railroad Street, Corona, California, USA	1 of 4	Director
Dr Peter Johannes Welgemoed, Age: 64 BCom (Honours); MCom; DCom	South African	1 Marignane Drive, Bonaero Park, Kempton Park 1619	4	Director
Jacob Meyer Kahn, Age: 68 BA (Law); MBA; (U.P.); DCom (hc); SOE	South African	South African Breweries plc, 1st Floor, No.2 Jan Smuts Avenue, Braamfontein, Johannesburg 2001	4	Director
Khutso Ignatius Mampeule, Age: 42 BA, MSc, MBA	South African	C/o Lefa Group Holdings (Pty) Ltd, Unit 46, Themi Office Park, Calderwood Road, Lonehill 2062	3 of 4	Director

Note:

(1) Ronald Ntuli was appointed as a Non-Executive Director on 6 November 2006.



Share Incentive Scheme

Executive Directors participate in a share incentive scheme with the following allocations at 1 July 2006 and as at 30 June 2007:

Name	Allocated at 1 July 2006		Awarded During the Year		Exercised During the Year			Total as at 30 June 2007		Gains Made on Exercise of Options During the Year R'000
	Number	Average Price	Number	Price	Number	Allocated Price	Exercise Price	Number	Average Price	
P van Hoven	1 000 000	0.80	-	-	1 000 000	0.77	2.25	-	-	1,483
BJ van der Linden	699 667	0.80	250 000	1.57	533 333	0.75	1.90	416 334	1.55	612
ER Venter	1 640 293	0.78	2 200 000	1.57	276 413	0.75	1.90	3 563 880	1.44	318
GS Novick	1 582 666	0.78	2 200 000	1.57	749 999	0.76	1.90	3 032 667	1.56	854
MN Louw	1 345 333	0.78	1 800 000	1.57	678 666	0.80	4.10	2 466 667	1.54	2,239
DH Borer	499 334	0.80	1 000 000	1.57	200 000	0.76	1.90	1 299 334	1.58	228
	6 767 293		7 450 000		3 438 411			10 778 882		5,735

A total of 13 150 000 options have been issued to employees through the share incentive scheme during the year, and 1 792 021 options remain available for issue at year end.

Directors' Remuneration

	For Services as Directors and Related Committee Work R'000	Package (1) R'000	Performance Related (2) R'000	Pension and Medical (3) R'000	Share Based Payments as per IFRS R'000	Other (4) R'000	Total 2007 R'000	Total 2006 R'000
				Executives				
ER Venter	-	1,225	1,200	159	3,187	-	5,771	3,280
GS Novick	-	1,218	1,200	155	2,375	-	4,948	3,209
BJ van der Linden	-	973	200	157	471	-	1,801	2,743
MN Louw	-	1,022	912	126	3,631	-	5,691	2,601
DH Borer	-	748	500	111	879	-	2,238	1,613
	-	5,186	4,012	708	10,543	-	20,449	13,446
				Non- Executives				
D Novick	100	-	-	-	-	-	100	-
MD Moritz	100	-	-	-	-	-	100	-
PJ Welgemoed	130	-	-	-	-	-	130	130
JM Kahn	120	-	-	-	-	-	120	110
KP Mampeule	100	-	-	-	-	-	100	100
RC Sacks	100	-	-	-	-	-	100	120
P van Hoven	100	-	-	-	883	500	1,483	4,689
RS Ntuli	100	-	-	-	-	-	100	-
	850	-	-	-	883	500	2,233	5,149
	850	5,186	4,012	708	11,426	500	22,682	18,595

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.

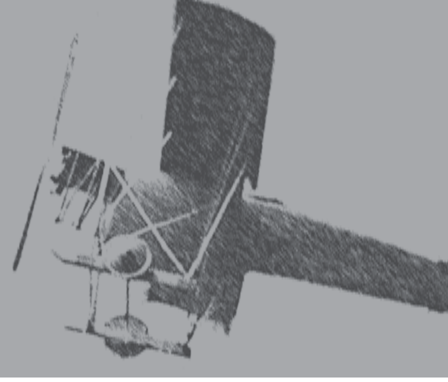
(2) "Performance related" refers to incentive rewards in respect of the financial year ended 30 June 2006.

(3) "Pension and Medical" includes the regular payments made for pension fund, medical aid contributions and risk benefits.

(4) "Other" refers to consultation fees.

(5) Remuneration receivable by the Directors of Comair will not vary as a result of any proposed issue for cash or repurchase of shares.

Balance Sheet



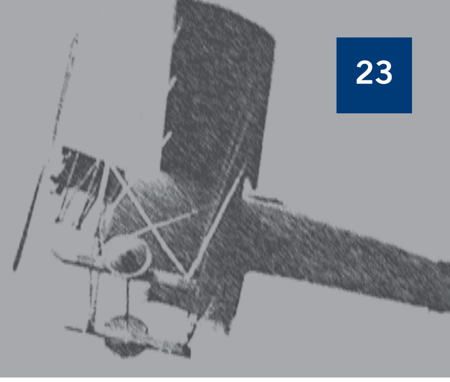
as at 30 June 2007

	Note	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
Assets					
Non current assets		778,173	570,775	798,080	587,829
Property, plant and equipment	1	676,029	503,455	676,029	492,723
Loan to share incentive trust	2	-	-	17,843	16,151
Investment in associates/subsidiaries	3	13,404	-	15,468	11,635
Available-for-sale investments	5	88,740	67,320	88,740	67,320
Current assets		366,112	488,777	365,908	486,725
Inventory	6	6,097	6,150	6,097	6,150
Trade and other receivables		117,991	141,092	117,871	140,674
Forward exchange contracts	21	-	22,556	-	22,556
Cash	19	242,024	318,979	241,940	317,345
		1,144,285	1,059,552	1,163,988	1,074,554
Equity and Liabilities					
Capital and reserves		425,531	368,061	444,485	384,125
Share capital	8	4,736	3,994	4,941	4,200
Share premium		8,042	8,042	8,456	8,456
Non-distributable hedging reserve		(485)	22,556	(485)	22,556
Accumulated profits		413,238	333,469	431,573	348,913
Non-current liabilities		280,718	301,409	280,718	301,921
Interest-bearing liabilities	9	259,952	296,281	259,952	296,281
Deferred taxation	4	20,766	5,128	20,766	5,640
Current liabilities		438,036	390,082	438,785	388,508
Trade and other payables		396,775	353,764	396,751	352,183
Taxation		4,448	4,255	5,221	4,262
Interest-bearing liabilities	9	36,328	32,063	36,328	32,063
Forward exchange contracts	21	485	-	485	-
		1,144,285	1,059,552	1,163,988	1,074,554

Income Statement

for the year ended 30 June 2007

	Note	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
Revenue		**2,211,743**	1,973,245	**2,211,743**	1,970,995
Operating Expenses	10	**(2,041,975)**	(1,840,099)	**(2,041,908)**	(1,838,482)
Profit from operations before interest		**169,768**	133,146	**169,835**	132,513
Interest expense		**(35,145)**	(34,300)	**(35,145)**	(34,300)
Interest income		**19,574**	13,691	**19,574**	14,585
Preference dividend income		**5,343**	3,337	**5,343**	3,337
Share of loss of associates	11	**(2,064)**	-	**-**	-
Profit from ordinary activities before taxation		**157,476**	115,874	**159,607**	116,135
Taxation	12	**(48,313)**	(37,074)	**(47,547)**	(37,131)
Profit for the year		**109,163**	78,800	**112,060**	79,004
Earnings per share (cents)	13	**27.3**	19.7		
Headline earnings per share (cents)	13	**25.2**	19.7		
Diluted earnings per share (cents)	13	**25.0**	19.5		
Diluted headline earnings per share (cents)	13	**23.0**	19.5		
Dividend per share declared (cents)			7.0		



Statement of Changes in Equity

for the year ended 30 June 2007

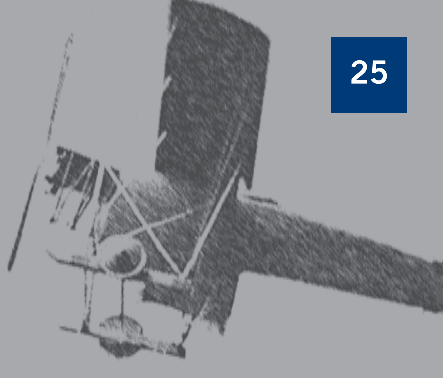
	Share Capital R'000	Share Premium R'000	Hedging Reserve R'000	Accumulated Profit R'000	Total R'000
Group					
Balance at 1 July 2005	3,994	8,042	9,269	286,969	308,274
Profit for the year	-	-	-	78,800	78,800
Dividend paid	-	-	-	(27,960)	(27,960)
Gain from cash flow hedges - fuel hedge	-	-	22,556	-	22,556
Utilisation of cash flow hedge - aircraft hedge	-	-	(9,269)	-	(9,269)
Shares purchased by Share Trust	(111)	(224)	-	(12,864)	(13,199)
Shares sold by Share Trust	111	224	-	8,524	8,859
Balance at 30 June 2006	3,994	8,042	22,556	333,469	368,061
BEE Share Deal	741	-	-	-	741
Profit for the year	-	-	-	109,163	109,163
Dividend paid	-	-	-	(27,959)	(27,959)
Realisation of gain from fuel hedge	-	-	(23,041)	-	(23,041)
Shares purchased by Share Trust	(10)	(20)	-	(2,775)	(2,805)
Shares sold by Share Trust	11	20	-	1,340	1,371
Balance at 30 June 2007	4,736	8,042	(485)	413,238	425,531
Company					
Balance at 1 July 2005	4,200	8,456	9,269	299,309	321,234
Profit for the year	-	-	-	79,004	79,004
Dividend paid	-	-	-	(29,400)	(29,400)
Gain from cash flow hedges - fuel hedge	-	-	22,556	-	22,556
Utilisation of cash flow hedge - aircraft hedge	-	-	(9,269)	-	(9,269)
Balance at 30 June 2006	4,200	8,456	22,556	348,913	384,125
BEE Share Deal	741	-	-	-	741
Profit for the year	-	-	-	112,060	112,060
Dividend paid	-	-	-	(29,400)	(29,400)
Realisation of gain from fuel hedge	-	-	(23,041)	-	(23,041)
Balance at 30 June 2007	4,941	8,456	(485)	431,573	444,485

Cash Flow Statement

for the year ended 30 June 2007

	Note	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
Cash from operating activities		**244,539**	155,804	**244,729**	152,805
Cash receipts from customers		**2,188,642**	2,020,802	**2,188,940**	2,018,606
Cash paid to suppliers		**(1,872,915)**	(1,798,107)	**(1,873,121)**	(1,798,436)
Cash generated by operations	14	**315,727**	222,695	**315,819**	220,171
Interest paid		**(35,145)**	(34,300)	**(35,145)**	(34,300)
Interest received		**19,574**	13,691	**19,574**	14,585
Preference dividend received		**5,343**	3,337	**5,343**	3,337
Taxation paid	15	**(33,001)**	(21,659)	**(31,462)**	(21,588)
Cash available from operating activities		**272,498**	183,764	**274,129**	182,205
Dividend paid		**(27,959)**	(27,960)	**(29,400)**	(29,400)
Cash utilised in investing activities		**(288,736)**	(170,644)	**(288,811)**	(172,660)
Additions to property, plant and equipment		**(270,447)**	(159,730)	**(270,447)**	(156,574)
Proceeds on disposal of property, plant and equipment		**64**	54	**64**	34
Increase in loan to Share Incentive Trust		**-**	-	**(1,692)**	(2,929)
Aircraft deposits utilised	7	**-**	10,452	**-**	10,452
Proceeds on disposal of shares in subsidiary	16	**13,383**	-	**15,000**	-
Acquisition of preference shares		**(21,420)**	(21,420)	**(21,420)**	(21,420)
Investment in associates		**(10,316)**	-	**(10,316)**	(2,223)
					-
Cash (utilised in)/generated by financing activities		**(32,758)**	118,147	**(31,323)**	122,487
Net cost of Share Trust purchases		**(1,435)**	(4,340)	**-**	-
Sale of "A" Class Shares to BEE Partner		**741**	-	**741**	-
(Decrease)/increase in interest bearing liabilities		**(32,064)**	122,487	**(32,064)**	122,487
Net (decrease)/increase in cash		**(76,955)**	103,307	**(75,405)**	102,632
Cash at the beginning of the year		**318,979**	215,672	**317,345**	214,713
Cash at the end of the year		**242,024**	318,979	**241,940**	317,345

Accounting Policies



Principal Accounting Policies

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

Revenue Recognition

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

Dividends are recognised in the period in which the receipt is established.

Borrowing Costs

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

Principles of Consolidation

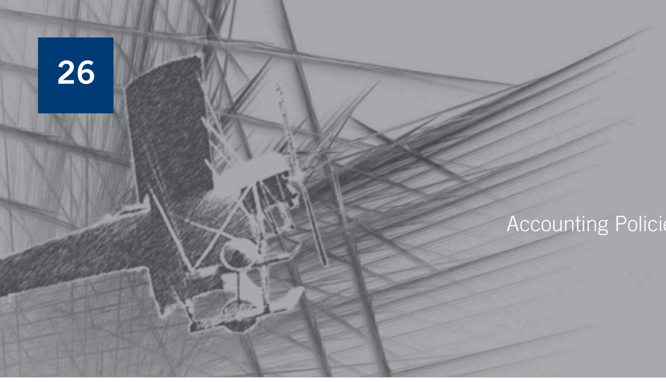
Subsidiaries are companies and entities over which the Company has the ability to control the financial and operating activities so as to obtain benefit from their activities. Where an investment in a subsidiary is acquired or disposed of during the financial period, its results are included from, or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

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

The Group Share Incentive Trust is included in the consolidated financial statements as a subsidiary.

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

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



Foreign Currency

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

Deferred Taxation

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

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

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

Property, Plant and Equipment

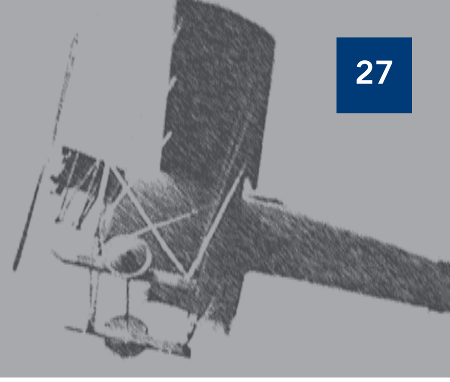
Freehold property, aircraft and related equipment, vehicles, furniture, computers and flight simulator equipment are depreciated on a systematic basis, which is estimated to amortise the assets to their anticipated residual values over their planned useful lives. Land is not depreciated.

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

Aircraft modifications are capitalised only to the extent that they materially improve the value of the aircraft from which further future economic benefits are expected to flow. Maintenance and repairs, which neither materially add to the value of assets nor appreciably prolong their useful lives, are charged against income.

Depreciation Rates

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



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. Assets acquired in terms of finance leases are capitalised and depreciated to realisable value over the shorter of the lease period or the useful life of the asset. The capital element of future obligations under leases is included as a liability in the balance sheet. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the instalments is charged against income over the lease period.

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

Financial Instruments

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

- Trade and other receivables are stated at cost less provision for doubtful debts;
- Cash and cash equivalents are recognised at fair value; and
- Interest bearing borrowings are recognised at amortised cost.

Investments (which are not subsidiaries or associates) are designated as available for sale assets and are initially measured at cost including transaction costs. They are subsequently stated at fair value. Fair value of unlisted investments is determined by the directors, using an appropriate valuation method. Unrealised changes in the fair values of investments are taken directly to equity. Upon realisation, these gains and losses are recognised in the income statement.

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

Hedge Accounting

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

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

Inventory

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

Retirement and Medical Funds

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

Impairment

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

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

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

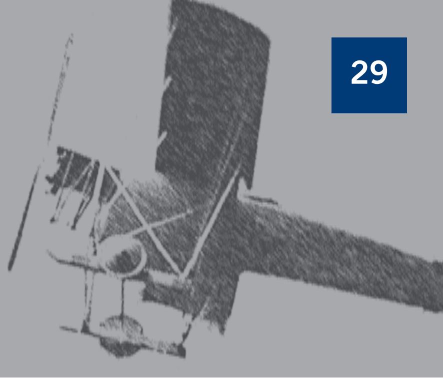
Provisions

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

Share Based Payment Transactions

Cash Settled

Share appreciation rights are granted to certain employees in the Group. The fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in liabilities. The fair value is initially measured at grant date and expensed over the period during which the employee becomes unconditionally entitled to payment. The fair value of the instruments granted 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 in equity over the vesting period of the share based payment.

Judgments made by Management

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

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

Asset Lives and Residual Values

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

Impairment of Assets

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

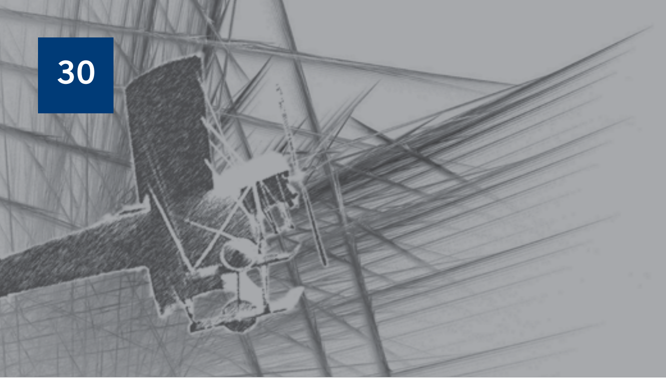
Future cash-flows expected to be generated by the asset are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current asset value and, if lower, the assets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

Provisions

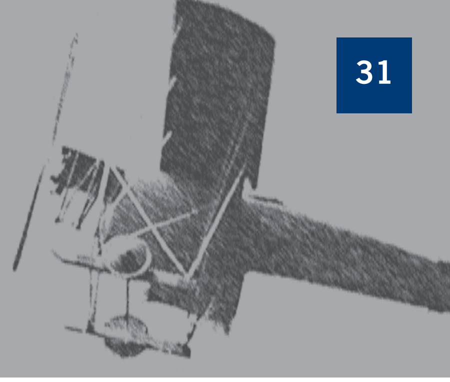
Provisions are recognised to the extent that the Group has present legal or constructive obligation as a result of a past event, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The financial effect is determined by judgment of management taking into account past experience of similar transactions and, in some cases, reports from independent experts.

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.



	Note	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
1. Property, Plant and Equipment					
Property and buildings					
Cost		15,071	14,473	15,071	14,473
Accumulated depreciation		(3,320)	(2,714)	(3,320)	(2,714)
Book value		11,751	11,759	11,751	11,759
Aircraft and flight simulator equipment					
Cost		934,806	735,011	934,806	718,118
Impairment		(115,106)	(115,106)	(115,106)	(115,106)
Accumulated depreciation		(166,830)	(139,479)	(166,830)	(132,682)
Book value		652,870	480,426	652,870	470,330
Vehicles, furniture and equipment and computer equipment					
Cost		35,052	37,203	35,052	31,745
Accumulated depreciation		(23,644)	(25,933)	(23,644)	(21,111)
Book value		11,408	11,270	11,408	10,634
Total Property, Plant and Equipment		676,029	503,455	676,029	492,723
Property, plant and equipment					
- Reconciliation of carrying value					
Property and buildings					
Carrying value at the beginning of the year		11,759	7,901	11,759	7,901
Additions		598	4,390	598	4,390
Depreciation		(606)	(532)	(606)	(532)
Carrying value at the end of the year		11,751	11,759	11,751	11,759
Aircraft and flight simulator equipment					
Carrying value at the beginning of the year		480,426	400,342	470,330	391,660
Additions		266,541	152,919	266,541	149,875
Disposals		(10,096)	-	-	-
Depreciation		(84,001)	(72,835)	(84,001)	(71,205)
Carrying value at the end of the year		652,870	480,426	652,870	470,330
				-	
Vehicles, furniture and equipment and computer equipment					
Carrying value at the beginning of the year		11,270	11,651	10,634	10,928
Additions		3,308	2,421	3,308	2,309
Disposals		(636)	(8)	-	-
Depreciation		(2,534)	(2,794)	(2,534)	(2,603)
Carrying value at the end of the year		11,408	11,270	11,408	10,634
Total Property, Plant and Equipment		676,029	503,455	676,029	492,723



	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000

1. Property, Plant and Equipment (continued)

Property and buildings owned consist of erf 1092, 1096 Bonaero Park extension 2 and erf 931, Bonaero Park extension 1, acquired on 21 June 1994 for R230,000 and subsequently improved to the value of R12,275,166 and improvements of R2,565,970 to leased property.

Instalment Sale Agreement and Finance Lease Agreement Book Values are disclosed under note 9.

2. Loan to Share Incentive Trust

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

At year end the trust held 20 483 172 shares representing 4.9% of shares in issue (Prior year: 20 588 336 shares representing 4.9%) at a closing price of 370 cents (Prior year: 165 cents).

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
	-	-	**17,843**	16,151

3. Investment in Associates/Subsidiaries

3.1 Commuter Handling Services (Pty) Limited

400 shares 40% shareholding (Prior year: 1000 shares 100% shareholding at cost)

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
Carrying value of the investment				
Loan	**8,182**	-	**8,182**	12,875
Provision for diminution	**-**	-	**-**	(1,240)

Interest was not charged for the year. (Prior year: prime less 2%) and there are no fixed repayment terms.

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
Cumulative post acquisition equity				
Current year	**474**	-	**-**	-

This associate provides passenger handling services to Comair and made an after tax profit of R1,184,266 (Prior year: loss of R189,422). The Company is incorporated in South Africa. 60% shareholding in the associate was sold in October 2006 for R15 million. The Company is now classified as an associate and has been equity accounted for the whole financial year. Management is of the opinion that the consolidation of the Company for a four month period is immaterial and has opted to equity account for the full year.

3.2 Laroc Aviation Limited

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

The Company was deregistered in Mauritius on 6 January 2007.

3.3 Amber (Pty) Limited

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
1 ordinary share of R1 at cost (100% shareholding)				
5 549 preference shares at R10,000 per share at cost	**-**	-	**55,490**	55,490
Dividend accrued	**-**	-	**80,000**	80,000
Subscription to Comair Preference Shares	**-**	-	**(135,490)**	(135,490)

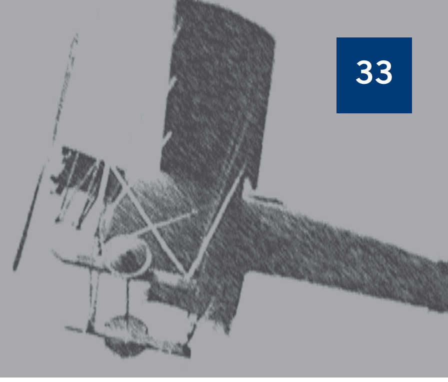
Comair borrowed an amount of R135,49 million from AMB Financial Services (Pty) Ltd in the 1999/2000 financial year.
The capital on this loan was repaid through means of Comair issuing preference shares on 31 May 2004.
The preference shares were issued to Amber (Pty) Ltd, which acquired these shares from AMB.

Notes to the Annual Financial Statements *for the year ended 30 June 2007*

	Group		Company	
	2007 R'000	2006 R'000	**2007 R'000**	2006 R'000
3.4 Imperial Air Cargo				
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	**7,286**	-	**7,286**	-
Cumulative post acquisition equity				
Current Year	**(2,538)**	-	**-**	-
This associate is an air freight company and made an after tax loss of R8,46 million. The Company is incorporated in South Africa. The Company is classified as an associate and has been equity accounted for the whole financial year. Management are of the opinion that the Company will be profitable in the next two years.				
	13,404	-	**15,468**	11,635
Summarised financial information of associates (aggregated)				
Income Statement				
Revenue	**119,996**	-	**-**	-
Operating Loss	**(10,653)**			
Net finance charges	**409**	-	**-**	-
Loss before taxation	**(10,244)**			
Taxation	**2,968**	-	**-**	-
Loss for the year	**(7,276)**			
Balance Sheet				
Assets				
Property plant and equipment	**15,519**	-	**-**	-
Deferred tax	**3,653**	-	**-**	-
Net current assets	**17,172**	-	**-**	-
	36,344	-	**-**	-
Equity and liabilities				
Capital and reserves	**15,853**	-	**-**	-
Borrowings	**20,491**	-	**-**	-
	36,344	-	**-**	-

4. Deferred Taxation

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
On temporary differences arising from:				
Property, plant and equipment	**(65,896)**	(43,256)	**(65,896)**	(43,256)
Staff obligations and accruals	**44,342**	33,214	**44,342**	32,702
Prepayments	**(1,987)**	(868)	**(1,987)**	(868)
STC asset	**2,775**	5,782	**2,775**	5,782
	(20,766)	(5,128)	**(20,766)**	(5,640)
Deferred tax reconciliation				
Opening balance	**(5,128)**	6,094	**(5,640)**	5,641
Deferred tax - Current	**(12,631)**	(7,964)	**(12,119)**	(8,023)
STC asset utilised	**(3,007)**	(3,258)	**(3,007)**	(3,258)
Closing balance	**(20,766)**	(5,128)	**(20,766)**	(5,640)



5. Available-for-sale investments

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
Preference shares in KWJ Investments (Pty) Ltd	**88,740**	67,320	**88,740**	67,320
87 000 paid up shares (Prior year: 66 000) at R1,020 per share at cost. Comair will purchase a further 63 000 shares in biannual instalments of R10,710,000 with the last purchase on 30 June 2010.				
Total Directors' valuation of unlisted investments	**88,740**	67,320	**88,740**	67,320

6. Inventory

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
Aircraft spares	**7,463**	8,612	**7,463**	8,612
Catering equipment and consumables	**3,355**	2,259	**3,355**	2,259
Write down of aircraft spares to realisable value	**(4,721)**	(4,721)	**(4,721)**	(4,721)
	6,097	6,150	**6,097**	6,150

7. Aircraft Deposits

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
Opening balance	-	10,452	-	10,452
Deposits made	-	-	-	-
Deposits utilised	-	(10,452)	-	(10,452)
	-	-	-	-

8. Share Capital

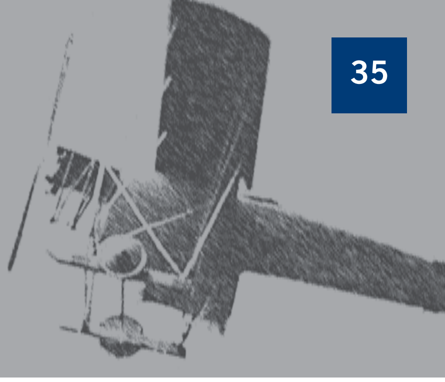
	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
Authorised:				
1 000 000 000 ordinary shares of 1 cent each	**10,000**	10,000	**10,000**	10,000
75 000 000 "A" class shares of 1 cent each	**750**	-	**750**	-
1 000 000 000 "N" ordinary shares of 0.01 cent each	**100**	100	**100**	100
1 000 000 preference shares of 1 cent each	**10**	10	**10**	10
	10,860	10,110	**10,860**	10,110
Issued:				
420 000 000 ordinary shares of 1 cent each	**4,200**	4,200	**4,200**	4,200
74 117 647 "A" class shares	**741**	-	**741**	-
Adjustment in respect of consolidation of share trust	**(205)**	(206)	-	-
13 549 preference shares of 1 cent each issued at R10,000 each				
	4,736	3,994	**4,941**	4,200

The preference shares are redeemable nil coupon shares and rank prior to ordinary shares as regards capital. There are no voting rights attached to the preference shares. The terms of issue of these shares requires classification as debt instruments and the debt arising is disclosed in Note 3.3 of these financial statements.

	Group		Company	
	2007 R'000	*2006 R'000*	**2007 R'000**	*2006 R'000*

9. Interest Bearing Liabilities

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 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 30 September 2010. Interest is calculated at 13% per annum.				
Three aircraft mortgages serve as collateral covering security (net book value R148 million, prior year net book value R155 million).	**123,759**	149,915	**123,759**	149,915
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%.	**21,918**	27,826	**21,918**	27,826
One aircraft mortgage serves as collateral covering security (net book value R48 million, prior year R50 million).				
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.	**150,603**	150,603	**150,603**	150,603
Three aircraft mortgages serve as collateral covering security. (net book value R148 million, prior year R153 million)				
Sub-total	**296,280**	328,344	**296,280**	328,344
Less short-term portion	**(36,328)**	(32,063)	**(36,328)**	(32,063)
	259,952	296,281	**259,952**	296,281
Total value of interest bearing liabilities	**296,280**	328,344	**296,280**	328,344
Finance charges	**82,020**	119,672	**82,020**	119,672
Total interest bearing liability commitments	**378,300**	448,016	**378,300**	448,016
Commitments for year one	**67,077**	67,037	**67,077**	67,037
Commitments for year two to five	**311,223**	380,979	**311,223**	380,979
Commitments after year five	**-**	-	**-**	-



	Group		Company	
	2007 R'000	2006 R'000	**2007 R'000**	2006 R'000

10. Operating Expenses

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
Operating expenses are stated after incorporating the following items:				
Audit fees	**373**	353	**373**	319
Managerial, technical, administrative and secretarial services	**3,408**	2,006	**3,408**	2,006
Depreciation - aircraft assets	**84,001**	72,835	**84,001**	71,205
Depreciation - other fixed assets	**3,140**	3,326	**3,140**	3,135
Directors' emoluments	**22,682**	18,595	**22,682**	18,595
- For services as Directors	**1,350**	460	**1,350**	460
- For managerial and other services	**9,198**	11,962	**9,198**	11,962
- Retirement and medical benefits	**708**	832	**708**	832
- Share based payments	**11,426**	5,341	**11,426**	5,341
Rentals under operating leases	**150,531**	155,257	**150,531**	155,175
- Property rentals	**7,976**	7,096	**7,976**	7,096
- Aircraft rentals	**141,116**	146,568	**141,116**	146,568
- Equipment and vehicle rentals	**1,439**	1,593	**1,439**	1,511
Total staff costs	**297,860**	276,523	**297,860**	252,161
Employment costs	**280,319**	259,700	**280,319**	236,220
Contributions to defined contribution funds	**17,541**	16,823	**17,541**	15,941
Number of employees	**1,559**	1,736		
Profit on disposal of subsidiary	**8,432**	-	**8,517**	-
Profit on disposal of property, plant and equipment	**64**	45	**64**	34
Profit on exchange differences	**47,692**	21,239	**47,692**	21,239
BEE cost	**3,428**	-	**3,428**	-

11. Share of Loss in Associates

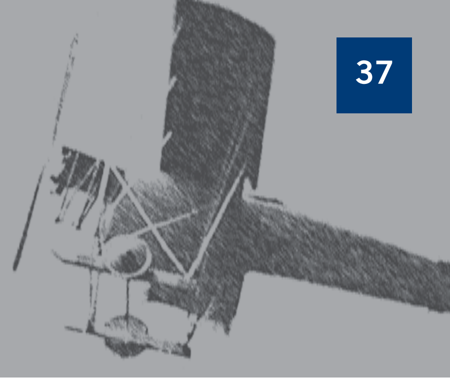
	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
Share of loss in associates consists of the following items:				
Retained equity loss	**(2,064)**	-	**-**	-

12. Taxation

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
Normal tax - current	**33,187**	25,852	**32,421**	25,850
Deferred tax - current	**12,119**	7,964	**12,119**	8,023
STC asset utilised	**3,007**	3,258	**3,007**	3,258
	48,313	37,074	**47,547**	37,131
Reconciliation of taxation rate:	**%**	%	**%**	%
South African normal tax rate	**(29.0)**	(29.0)	**(29.0)**	(29.0)
Taxation effect of:				
Exempt income	**1.7**	0.8	**1.7**	0.8
Disallowable expenditure	**(1.5)**	(1.0)	**(0.6)**	(1.0)
STC asset utilised	**(1.9)**	(2.8)	**(1.9)**	(2.8)
Effective taxation rate	**(30.7)**	(32.0)	**(29.8)**	(32.0)

Notes to the Annual Financial Statements *for the year ended 30 June 2007*

	Group		Company	
	2007 R'000	2006 R'000	**2007 R'000**	2006 R'000
13. Headline Earnings				
Earnings attributable to ordinary shareholders	**109,163**	78,800	**112,060**	79,004
Less profit on sale of subsidiary	**(8,432)**	-	**(8,517)**	-
Less profit on disposal of property, plant and equipment	**(64)**	(45)	**(64)**	(34)
Headline earnings attributable to ordinary shareholders	**100,667**	78,755	**103,479**	78,970
Weighted ordinary shares in issue ('000)	**399,517**	399,412		
Weighted ordinary shares in issue	**420,000**	420,000		
Adjustment in respect of consolidation of share trust	**(20,483)**	(20,588)		
Adjustment for dilutive effect of share options in issue	**11,032**	3,952		
Adjustment for dilutive effect of BEE transaction	**26,531**	-		
Diluted weighted ordinary shares in issue ('000)	**437,080**	403,364		
Earnings per share (cents)	**27.3**	19.7		
Headline earnings per share (cents)	**25.2**	19.7		
Diluted earnings per share (cents)	**25.0**	19.5		
Diluted headline earnings per share (cents)	**23.0**	19.5		
14. Cash Generated by Operations				
Profit from operations	**169,768**	133,146	**169,835**	132,513
Depreciation	**87,141**	76,161	**87,141**	74,340
Profit on sale of subsidiary	**(8,432)**	-	**(8,517)**	-
Profit on disposal of assets	**(64)**	(45)	**(64)**	(34)
Cash from operations before working capital changes	**248,413**	209,262	**248,395**	206,819
Decrease in working capital	**67,314**	13,433	**67,424**	13,352
- Inventory	**53**	867	**53**	867
- Accounts receivable decrease/(increase)	**20,562**	(47,557)	**22,803**	(47,611)
- Accounts payable	**46,699**	60,123	**44,568**	60,096
	315,727	222,695	**315,819**	220,171
15. Taxation Paid				
Taxation owing at beginning of year	**4,255**	62	**4,262**	-
Tax asset of former subsidiary	**7**	-	**-**	-
Taxation charge for the year	**33,187**	25,852	**32,421**	25,850
Taxation owing at end of the year	**(4,448)**	(4,255)	**(5,221)**	(4,262)
Taxation paid	**33,001**	21,659	**31,462**	21,588



	Group		Company	
	2007 R'000	2006 R'000	**2007 R'000**	2006 R'000

16. Proceeds on Disposal of Subsidiary

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
Sale of loan account	**-**	-	**7,723**	-
Provision diminution	**-**	-	**(1,240)**	-
Profit on sale	**-**	-	**8,517**	-
Net proceeds	**-**	-	**15,000**	-
Property plant & equipment	**10,732**	-	**-**	-
Trade and other receivables	**3,051**	-	**-**	-
Trade and other payables	**(3,682)**	-	**-**	-
Net fair value of assets	**10,101**	-	**-**	-
Minority shareholders	**(5,150)**	-	**-**	-
Profit on sale	**8,432**	-	**-**	-
Net proceeds	**13,383**	-	**-**	-

17. 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.

18. Operating Lease Commitments

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
Commitments for year one				
Property and buildings	**8,499**	7,726	**8,499**	7,726
Aircraft	**137,481**	143,383	**137,481**	143,383
	145,980	151,109	**145,980**	151,109
Commitments for year two to five				
Property and buildings	**21,120**	29,619	**21,120**	29,619
Aircraft	**310,677**	323,552	**310,677**	323,552
	331,797	353,171	**331,797**	353,171
Commitments after year five				
Property and buildings	**-**	-	**-**	-
Aircraft	**9,720**	-	**9,720**	-
	9,720	-	**9,720**	-
Total operating lease commitments	**487,497**	504,280	**487,497**	504,280

19. Cash Encumbered

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

20. Borrowing Powers

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

21. Financial Risk Management

Interest rate risk

The Company is exposed to interest rate risk as it borrows and places funds. This risk is managed by fixing the rate on long-term loans and placing surplus funds in investments that yield a market-linked return.

Credit risk

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

Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash resources and unutilised borrowing facilities are maintained.

Foreign currency risk

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

Approximately 50% of operating costs are incurred and approximately 12% of revenue is earned in foreign currency. The following uncovered foreign currency amounts are included in the financial statements at year end: net short term liabilities of US$ 1,586,249 and net short term receivables of GBP 6,276,293

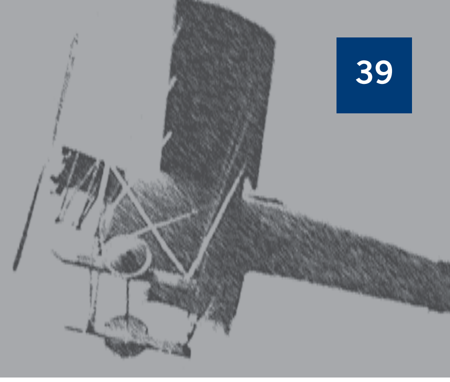
Currency options that constitute designated hedge of currency risk at year end relate to fuel. The base price of fuel is calculated in US$. The Company hedged approximately one third of its monthly volumes for a period of ten months at an average rate of R7.10/US$. The fair value at year end, being the amount the Company would pay to terminate the contracts at year end was R1,7 million. (Prior year: R22,6 million receivable) Furthermore the Company hedged 25% of its monthly fuel oil requirements. At year end only one month was left on the hedge and the market to market valuation of the hedge was a net receivable of R1,2 million.

22. 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 4.9% (Prior year: 4.9%) of issued share capital. The maximum number of options to be held by any participant in the scheme shall not exceed 1% (4.2 million shares) of the ordinary shares then in issue. The Share Option liability as per IFRS 2 at year end was R13,7 million. (Prior year: R2,9 million)



22. Share Incentive Trust (continued)

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

	2007 Number of share options	**2007 Weighted average exercise price R**	*2006 Number of share options*	*2006 Weighted average exercise price R*
Balance at beginning of period	**12,151,276**	**0.86**	20,256,318	0.86
Options accepted	**13,150,000**	**1.57**	3,657,000	0.82
Options exercised	**(5,509,755)**	**0.89**	(11,082,902)	0.80
Options forfeited	**(256,952)**	**1.42**	(679,140)	1.13
Balance at end of period	**19,534,569**	**1.51**	12,151,276	0.86

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

The options outstanding at 30 June 2007 become unconditional between the following dates:

	Subscription price R	**2007 Number of share options**	*2006 Number of share options*
18 September 1998 and 1 January 2002	0.71	**303,520**	658,277
18 September 1998 and 1 January 2002	1.00	**298,095**	658,032
12 January 1999 and 1 January 2002	1.10	**6,364**	6,364
15 July 1999 and 1 July 2002	1.60	**60,625**	101,250
25 January 2000 and 1 January 2003	2.20	**37,275**	137,095
13 March 2000 and 1 January 2003	2.20	**192,000**	442,000
10 August 2000 and 1 July 2003	2.60	**10,385**	37,692
31 January 2001 and 1 March 2004	1.85	**68,109**	131,894
30 August 2001 and 1 September 2004	1.65	**20,606**	51,514
23 January 2002 and 1 March 2005	1.25	**40,000**	61,600
26 August 2002 and 1 September 2005	0.75	**38,667**	77,334
4 March 2003 and 1 March 2006	0.75	**317,587**	3,180,890
1 September 2004 and 1 September 2007	0.80	**1,283,336**	2,833,334
26 November 2004 and 26 November 2009	1.25	**250,000**	250,000
5 December 2005 and 5 December 2010	1.70	**3,458,000**	3,524,000
5 June 2006 and 5 June 2011	1.57	**13,050,000**	-
11 September 2006 and 11 September 2011	1.60	**100,000**	-
Total		**19,534,569**	12,151,276

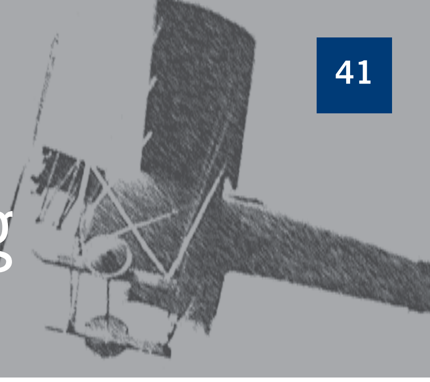
22. Share Incentive Trust (continued)

	Subscription price R	**2007 Number of share options**	2006 Number of share options
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:			
Balance at beginning of period		**6,767,293**	13,348,533
Options granted		**7,450,000**	2,231,000
Options exercised		**(3,438,411)**	(8,812,240)
		10,778,882	6,767,293
The options outstanding for Directors at 30 June 2006 become unconditional between the following dates:			
18 September 1998 and 1 July 2003	1.00	**57,627**	57,627
25 January 2000 and 1 January 2003	2.20	**-**	12,000
4 March 2003 and 1 March 2006	0.75	**306,920**	2,833,333
1 September 2004 and 1 September 2007	0.80	**733,335**	1,633,333
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**	-
Total		**10,778,882**	6,767,293

23. Capital Commitments

Capital commitments for 2007 are disclosed in note 5.

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
("Comair" or "the Company")
ISIN Code: ZAE000029823 Share Code: COM

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 in the Comair Operations Building, corner Fortress and Whirlwind Roads, Rhodesfield, Kempton Park 1619, on Friday, 26 October 2007 at 12h00 for the following business:

1 To consider and adopt the annual financial statements of the Company for the year ended 30 June 2007 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 2007 be and is hereby approved.

3.1 To re-elect the following Directors of the Company:
3.1.1 BJ van der Linden
3.1.2 AK Buchanan
3.1.3 L Cromwell Griffiths
3.1.4 KI Mampeule
who retire by rotation at the Annual General Meeting, but, being eligible, offer themselves for re-election.

3.2 To re-elect RS Ntuli who was appointed as a Director of the Company on 6 November 2006 and who retires at the Annual General Meeting, but, being eligible, offers himself for re-election.

A brief curriculum vitae in respect of each Director referred to in 3.1 and 3.2 appears on page 45 of this annual report.

4 To authorise the Directors to re-appoint PKF (JHB) Inc as the independent auditors of the Company 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 2007 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 they 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 Association of the Company, the JSE Listings Requirements, when applicable, and 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. 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 and irrevocable and underwritten) or acquisition (concluded up to date of application) 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.

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 1

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, 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 –

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;

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;

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 from the date of the grant of this general authority;

7.5 the Company and the Group will be in a position to repay its debt in the ordinary course of business for the next 12 months;

7.6 the consolidated assets of the Company and the Group, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the Company for the next 12 months;

7.7 the ordinary capital and reserves of the Company and the Group will be adequate for the next twelve months;

7.8 available working capital will be adequate to continue the operations of the Company and the Group for the next 12 months;

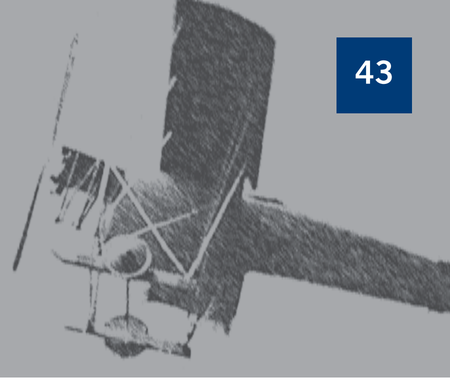
7.9 the Company may not enter the market to proceed with the repurchase until the Company’s sponsor, Nedbank Capital, a division of Nedbank Limited, has confirmed the adequacy of the Company’s working capital for the purposes of undertaking a repurchase of shares in writing to the JSE;

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

7.11 the Company or its subsidiary may not repurchase securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements;

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

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



Other disclosure in terms of the JSE Listings Requirements Section 11.26

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

Directors and management – pages [18,19]
Major shareholders of Comair – page [47]
Directors interests in securities – page [18]
Share capital of the Company – page [33]

Litigation statement

In terms of section 11.26 of the JSE Listings Requirements, the Directors, whose names are given on page 18-19 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 page 18-19 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 affairs or financial position of Comair and its subsidiaries since the auditors signed off on the financials.

The Directors of the Company have no specific intention to effect the provisions of Special Resolution number 1 but will, however, continually review this position having regard to prevailing circumstances.

Reason for and effect of Special Resolution 1

The reason and effect for special resolution 1 is to authorise the Company by way of a general authority to acquire its own issued shares and/or its holding 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 DH Borer to sign necessary documents to give effect to resolutions.

8 "**RESOLVED THAT** Derek Henry Borer be and is hereby authorised on behalf of the Company to sign all documents as may be necessary in order to give effect to the Special and Ordinary Resolutions."

Other Business

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.

The enclosed 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.

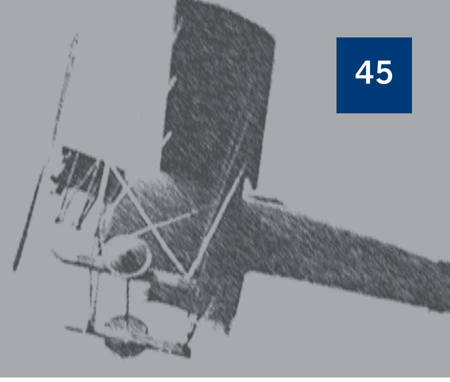
Notice of Annual General Meeting

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, 26 October 2007 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.

By order of the Board

DH Borer
Company Secretary

Date: 10 September 2007
Place: Bonaero Park



Directors Standing for Election or Re-election

1 Bertrandus (Bert) Johannes van der Linden (Age: 59)

Bert jointed Comair in 1968 at Rand Airport. In 1973, he was promoted to Traffic Manager and was responsible for Sales, Marketing and Operational duties. In 1979, he became the Commercial Manager of Comair and was made the Chairman of the South African Tourism and Safari Association and Tourism Liaison Council. In 1982, he was appointed to the Board of Comair where he was actively involved in changing the Company from operating in a regulation to a deregulated environment. He was also responsible for Sales and Marketing and subsequently appointed Service Delivery Director, responsible for all passenger operations including catering and all ground operation activities. He was elected Chairman for the Airlines Association of Southern Africa for the years 2003-2005. He presently holds the position of Special Projects Director, responsible mainly for route development in the African continent.

2 Alan Kerr Buchanan (Age: 49)

After qualifying as a Scottish solicitor, Alan worked in Hong Kong for two and a half years specialising in ship financing. He moved to London in 1988 where he specialised in aircraft finance. He was seconded to British Airways in 1989 before joining the airline as its principal legal adviser financial in 1990. He was appointed Company Secretary in 2000. He is also responsible for risk management and insurance.

3 Lloyd Cromwell Griffiths (Age: 62)

Appointed Director of Flight Operations in British Airways in June 2001, Lloyd started his aviation career in 1969 flying in the Canadian Arctic and becoming Chief Pilot of Lambair Churchill. In 1973 he joined British Airways and was a member of the team which created the Highland (Scottish) Division of British Airways introducing new cost effective working practices to ground and air staff. Following the setting up of a similar operation in Berlin in 1986, Lloyd moved on to London in 1991 to become Commercial Manager Flight Operations, Chief Pilot Boeing 757-767 and finally General Manager Flight Operations before becoming Director of Flight Operations in 2001. He has held appointments on the Boards of Brymon Airways, BA Regional, CitiXpress and Mission Aviation Fellowship.

4 Khutso Ignatius Mampeule (Age: 42)

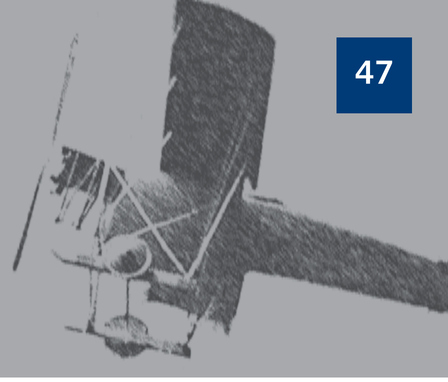
Khutso Mampeule is the Executive Chairman of Lefa Group Holdings, an investment holding and consulting company he established in 2003. He has overall responsibility for the development and implementation of the Group's strategy and business model. In addition to leading the consulting and advisory services, Khutso spearheads the acquisition of stakes in and/or formation of joint ventures with other companies and is accountable for raising cap[ital to fund the Group's activities. Until May 21, 2007 Khutso was the Group CEO of the South African Post Office, where he made extensive headlines for taking firm positions against poor governance and corrupt practices at the institution. He is widely credited with implementing a strategy to put the SA Post Office on a sustainable and profitable growth. During his stint at the Post Office, he also served as the Chairman of the Strategy Board of the Pan African Postal Union. Prior to starting Lefa Group Holdings Khutso was the Chief Executive of Old Mutual Employee Benefits, where he had the overall responsibility of the business with approximately R70bn of assets under management. Before joining Old Mutual, he spent seven years in various senior executive positions at Transnet where he had responsibility for the rail operations, including rail/port integration, and the turnaround of iron-ore export business within Spoornet (OREX). His last position at Transnet was as the Chief Executive Officer of its subsidiary, South African Express Airways. Khutso holds several directorships, is a trustee of the World Wide Fund for Nature (WWF) South Africa and is a member of the Advisory Council of the University of Stellenbosch Business School. He holds BA, MSc and MBA degrees.

5 Ronald Sibongiseni Ntuli (Age: 37)

Ronnie is a leading South African businessman with extensive transaction experience and was involved in the Incwala transaction which was awarded the Dealmakers Deal of the Year in 2004. Ronnie is well known in financial circles, having conceptualised and founded Andisa Capital in 2003 in partnership with the Standard Bank Group. Prior to Ronnie's involvement with the Thelo Group, he was Chief Executive of Andisa Capital. Ronnie is currently the Executive Chairman of the Thelo Group, an independent investment company founded by prominent South African investors in partnership with a global strategic investor at the end of 2005. Ronnie is also Chairman of the National Empowerment Fund (NEF), a multi-billion Rand agency established by the government of the Republic of South Africa in order to promote and advance Black Economic Empowerment (BEE). Ronnie is also Chairman of Incwala Resources, a US$1,5 billion resources investment company. Ronnie also sits on a number of boards and public service committees, such as, but not limited to, Incwala Resources, Incwala Platinum, Lonmin Platinum, and Hans Merensky Holdings.

Share Price Performance

	2007	2006
Market Price (cents per share)		
Closing (30 June 2007)	370	165
High	430	210
Low	130	128
Closing Price / Earning Ratio	14,8	8.4
Number of Shares in Issue		
At year end (millions)	420	420
Weighted Average (millions)	420	420
Volume of Shares traded (millions)	132	122
Volume of Shares traded to number in issue	31,4%	29%



Shareholder Analysis

1. Shareholder Spread

Bands	*No. of Shareholdings*	*%*	*No. of Shares*	*%*
1 – 1 000 Shares	1,969	59.41	632,105	0.15
1 001 – 10 000 Shares	993	29.96	3,862,032	0.92
10 001 – 100 000 Shares	273	8.24	8,615,866	2.05
100 001 – 1 000 000 Shares	51	1.55	12,775,805	3.04
1 000 001 Shares and Over	28	0.84	394,114,192	93.84
	3,314	100.00	420,000,000	100.00

2. Distribution of Shareholders

Type of Shareholder	*No. of Shareholdings*	*%*	*No. of Shares*	*%*
Banks	11	0.33	9,573,565	2.28
Close Corporations	37	1.12	1,174,468	0.28
Endowment Funds	2	0.06	301,000	0.07
Individuals	3,012	90.89	13,168,639	3.14
Insurance Companies	3	0.09	4,488,990	1.07
Investment Companies	14	0.42	640,007	0.15
Mutual Funds	40	1.21	90,054,468	21.44
Nominees and Trusts	107	3.23	5,441,538	1.30
Other Corporations	20	0.60	559,983	0.13
Pension Funds	9	0.27	9,726,153	2.32
Private (Pty) Companies	51	1.54	208,330,786	49.60
Public Companies	7	0.21	56,057,231	13.35
Share Trust	1	0.03	20,483,172	4.87
	3,314	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

	No. of Shares	*% Shareholding*
Bidshelf 31 (Pty) Limited	84,021,400	20.01
Britair Holdings Limited	53,996,623	12.85
Innercreek Investments (Pty) Limited	53,529,480	12.75
Jetcreek Investments (Pty) Limited	53,529,480	12.75
Alan Gray (through various funds and investment companies with no fund or investment company holding more than 4.98% of the total issued share capital of the Company)	37,947,923	9.04
Oasis (through various funds and investment companies with no fund or investment company holding more than 4.93% of the total issued share capital of the Company)	22,293,564	5.31
Comair Share Incentive Trust	20,483,172	4.88
Investec (through various funds and investment companies with no fund or investment company holding more than 1.54% of the total issued share capital of the Company)	12,624,814	3.01

3. Holdings of 3% or More (continued)

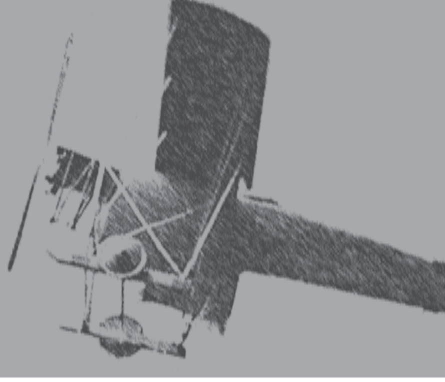
The Company concluded a Black Economic Empowerment ("BEE") transaction during the 2007 financial year, pursuant to which shares equivalent to 15% of the Company's post transaction share capital were issued to a BEE consortium known as Thelo Aviation Consortium (Pty) Ltd led by Thelo Aviation Investments (Pty) Ltd. Thelo Aviation Investments (Pty) Ltd have 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 (10)	114,026,157	27.15	-	-	114,026,157	27.15
Strategic Holdings (more than 10%)						
Bidshelf 31 (Pty) Ltd (1)	84,021,400	20.01	-	-	84,021,400	20.01
Britair Holdings Limited (1)	-	-	53,966,623	12.85	53,966,623	12.85
Share Trusts						
Comair Share Incentive Trust (1)	20,483,172	4.88	-	-	20,483,172	4.88
Public Shareholders						
Resident (3 267)	135,699,542	32.30	-	-	135,699,542	32.30
Non-resident (34)	-	-	11,803,106	2.81	11,803,106	2.81
Total (3,314)	**354,230,271**	**84.34**	**65,769,729**	**15.66**	**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 2007 was 35.12% represented by 3 301 Shareholders holding 147 502 648 ordinary shares in the Company.

Form of Proxy



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

Form of Proxy for Annual General Meeting

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

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

Shareholders who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker and wish to attend the annual general meeting, must instruct their CSDP or broker to provide them with a Letter of Representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement/mandate entered into between them and the CSDP or broker. Forms of proxy must be lodged with or posted to the Company's Transfer Secretaries to be received not later than 48 hours (excluding Saturdays, Sundays and public holidays) before the time appointed for the holding of the Annual General Meeting, being Friday, 26 October 2007 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 Director's remuneration policy			
3	To re-elect the following Directors:			
	BJ van der Linden			
	AK Buchanan			
	L Cromwell Griffiths			
	KI Mempeule			
	RS Ntuli			
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 DH Borer 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***____________________***2007***

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, 26 October 2007 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 the administration section opposite not less than 48 hours before the holding of the Annual General Meeting.

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

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

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

   unless notice as to any of the above-mentioned matters shall have been received by the Company at its principal place of business as set out in the administration section opposite 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.

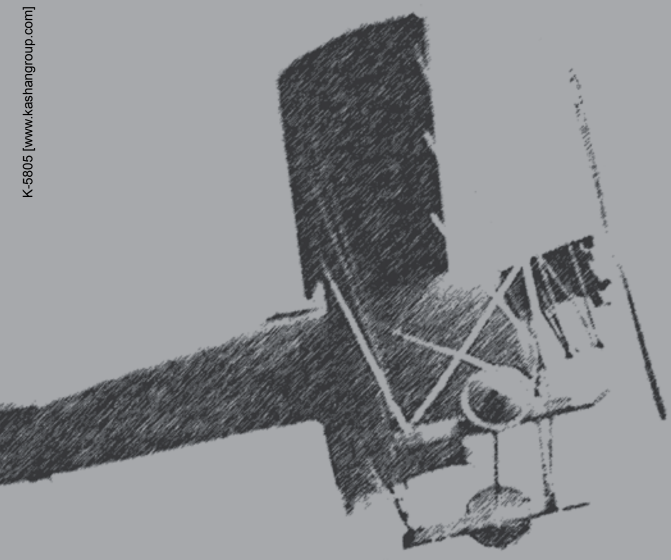
11. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.

Administration

Registered office
2nd Floor
PKF House
15 Girton Road
Parktown
2193

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

Transfer secretaries
Computershare Investor Services 2004 (Pty) Ltd
Ground Floor
70 Marshall Street
Johannesburg
2001
(PO Box 61051, Marshalltown, 2107)



Comair Limited