



front-line staff. Operating performance therefore remained good, with on-time performance exceeding our threshold target of 85% across both the British Airways and kulula.com brands.

The year closed with no growth in revenue compared to the previous year, and a 1% saving in operating costs. Despite an increase in Operating Profit, Profit for the year reflects a 17% reduction, resulting in Earnings per share of 47.8 cents per share (prior year 58.4 cents).

Cash of R147 million was invested in the acquisition of three previously leased Boeing 737-400 aircraft and two pre-owned Boeing 737-400's, all for operation in the British Airways fleet. These aircraft have replaced the 737-300 fleet which will be fully retired by December. The newer aircraft afford improved fuel efficiency and reduced maintenance demands, while at the same time improving passenger comfort. Early settlement was also concluded on aircraft and simulator funding amounting to R115 million. Cash on hand at year end was R849 million, much in line with the prior year balance of R868 million.

Due to hedging 26% of demand early on during the decline in the fuel price, the Company was not able to achieve the full benefit of the lower cost of fuel. At year end there remain 160,000 barrels hedged at an average of \$82, representing 10% of our fuel demand for the 2016 financial year. The last of these hedges will expire in December 2015. The Black Economic Empowerment transaction concluded by Comair and the Thelo Consortium in 2007, matured in September 2014, and created realised value of R152 million for the participants. The "A" shares arising from the transaction were converted to 29,067,766 ordinary shares on 21 April 2015. The weighted effect of the additional shares is a reduction in the 2015 Earnings Per Share of 3 cents. The Group continued to invest in its transformation initiatives, including its pilot cadet programme, airport learnerships, enterprise development and social responsibility, and thereby maintained its level 4BBBEE score.

Our affiliated businesses of flight training, travel product distribution, catering and airport lounges performed well and continue to grow their contribution to the consolidated profits.

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

#### Prospects

We remain concerned with the weak economic growth and the consequent impact of overcapacity in the domestic aviation market. Fundamentals dictate that a correction in market capacity is very likely. On the other hand, the new visa regulations applicable to South Africans traveling with children, as well as to foreign tourists, have impacted negatively on our cross-border tourist destinations, and we are actively participating in achieving a more favourable dispensation in this regard. The weakness of the Rand continues to impact negatively on all dollar based operating costs.

In August 2015 we took delivery of the first of the next four new 737-800's from Boeing, the remaining three of which will be delivered in late 2015 and 2016. The delivery of the eight Boeing 737-8 Max aircraft remains scheduled for 2019 to 2021. The ongoing upgrades to the fleet will continue to improve operating efficiency while at the same time enhancing the revenue potential per flight.

We are also focused on implementing technology solutions to enhance customer satisfaction,

operating performance and drive revenue generating opportunities. The pace of development in distribution technology is relentless. Comair is intent on realising the maximum benefit from its customer insight in order to improve on its overall proposition, and the marketing of relevant products to its customer segments. We are also developing new applications to enhance both the ground and air experience that will facilitate more efficient operating procedures.

The financial information on which the above forecast is based has not been reviewed and reported on by Comair's external auditors.

#### Dividend

Notice is hereby given that a final gross cash dividend of 10.00000 cents per ordinary share has been declared payable to shareholders. The dividend has been declared out of income reserves.

The dividend will be subject to a local dividend tax rate of 15% or 1.50000 cents per ordinary share, resulting in a net dividend of 8.50000 cents per ordinary share, unless the shareholder is exempt from paying dividend tax or is entitled to a reduced rate in terms of the applicable double taxation agreement. The Company's tax reference number is 9281/874/7/1/0 and the number of ordinary shares in issue at the date of this declaration is 469,330,865.

In accordance with the provisions of Strate, the electronic settlement and custody system used by the JSE Limited, the relevant dates for the dividend are as follows:

Share certificates may not be dematerialised or rematerialised between Monday, 19 October 2015 and Friday, 23 October 2015, both days inclusive.

#### Directors' resignation and appointment

- 1) Mr Luo Cheng was appointed as a non-executive director on 1 August 2015
- 2) Mr Li Neng was appointed as a non-executive director on 1 August 2015
- 3) Mr Naran Maharajh was appointed as an independent non-executive director on 1 August 2015
- 4) Ms Phuti Mahanyele was appointed an independent non-executive director on 1 August 2015

16 SEPTEMBER 2015

#### ARTICLE LINK:

<https://50skyshades.com/index.php/news/finance/comair-limited-reviewed-condensed-consolidated-provisional-financial-results>