



1time holdings Limited

Reviewed results for the interim period ended 30 June 2010

(Incorporated in the Republic of South Africa) • (Registration Number: 1999/017536/06) • Share Code: TTM • ISIN Code: ZAE000102026 • ("1time" or "the group")

HIGHLIGHTS

REVENUE GROWTH	6%
PASSENGER GROWTH	4%
CASH GENERATED FROM OPERATIONS	R46 mil
HEADLINE EARNINGS	R14,8 mil

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

Figures in Rand	Reviewed as at 30 June 2010	Reviewed as at 30 June 2009	Audited as at 31 December 2009
ASSETS			
Non-current assets	468 861 375	428 311 143	459 552 905
Current assets	181 303 222	193 892 368	188 999 814
Non-current assets held for sale	21 565 250	22 929 565	21 209 842
Total assets	671 729 847	645 133 076	669 762 561
EQUITY AND LIABILITIES			
Capital and reserves	176 949 244	176 841 563	165 922 331
Non-current liabilities	120 392 769	128 883 575	124 084 819
Deferred tax	37 857 262	21 565 931	36 411 483
Current liabilities	336 530 572	317 842 007	343 343 928
Total equity and liabilities	671 729 847	645 133 076	669 762 561
Net asset value per share	84,3	84,2	79,0
Net tangible asset value per share	76,0	77,0	71,2

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	Reviewed six months ended 30 June 2010	Reviewed six months ended 30 June 2009	Audited year ended 31 December 2009
Gross revenue	648 457 498	613 860 352	1 251 061 344
Operating costs	(590 449 465)	(541 986 912)	(1 095 645 708)
Earnings before disclosable items	58 008 033	71 873 440	155 415 636
Depreciation	(27 207 972)	(19 215 908)	(43 167 260)
Impairment of assets	(3 173 106)	(16 511 622)	(50 491 031)
Negative goodwill	–	19 891 361	19 891 361
Profit/(Loss) on sale of asset	1 866 940	–	(4 887 298)
Foreign exchange difference	(852 120)	9 056 572	16 621 929
Operating profit	28 641 775	65 093 843	93 383 337
Finance costs	(17 636 413)	(16 263 544)	(32 983 935)
Interest received	2 625 951	3 100 800	4 722 355
Profit before taxation	13 631 313	51 931 099	65 121 757
Taxation	(3 397 593)	2 617 161	(19 029 677)
Profit after tax	10 233 720	54 548 260	46 092 080
Non-controlling interest	2 989 634	(6 588 908)	(5 223 757)
Profit attributable to owners of the parent	13 223 364	47 959 352	40 868 323
RECONCILIATION OF HEADLINE EARNINGS			
Profit attributable to owners of the parent	13 223 854	47 959 352	40 868 323
Impairment of assets	3 173 106	16 511 622	50 491 031
Profit/(Loss) on sale of asset after tax	(1 605 568)	–	4 887 298
Negative goodwill	–	(13 612 425)	(13 612 425)
Headline earnings attributable to owners of the parent	14 790 892	50 858 549	82 634 227
Weighted average number of shares in issue	210 000 000	210 000 000	210 000 000
Headline earnings per share (Cents)	7,0	24,2	39,4
Earnings per share (Cents)	6,3	22,8	19,5

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	Reviewed six months ended 30 June 2010	Reviewed six months ended 30 June 2009	Audited year ended 31 December 2009
Profit after tax	10 233 720	54 548 260	46 092 080
Other comprehensive income:			
Net Gain/(Loss) on aircraft revaluations	793 193	(25 230 542)	(27 798 502)
Total comprehensive income	11 026 913	29 317 718	18 293 578
Total comprehensive (Loss)/Income attributable to:			
Non-controlling interest	(2 989 634)	6 588 908	5 223 757
Owners of the parent	14 016 547	22 728 810	13 069 821
	11 026 913	29 317 718	18 293 578

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Reviewed six months ended 30 June 2010	Reviewed six months ended 30 June 2009	Audited year ended 31 December 2009
OPENING BALANCE	165 922 331	144 619 890	144 619 890
Non-controlling interest at acquisition	–	2 903 955	3 008 863
Total comprehensive income	–	–	–
– Non-controlling interest	(2 989 634)	6 588 908	5 223 757
– Owners of the parent	14 016 547	22 728 810	13 069 821
Total	176 949 244	176 841 563	165 922 331

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS

Figures in Rand	Reviewed six months ended 30 June 2010	Reviewed six months ended 30 June 2009	Audited year ended 31 December 2009
Cash and equivalents at beginning of period	50 328 678	6 534 243	6 534 243
Cash flows from operating activities	30 348 370	15 040 363	224 204 589
Cash generated from operations	46 298 530	28 203 107	232 779 534
Interest received	2 625 951	3 100 800	4 722 355
Interest paid	(17 636 413)	(16 263 544)	(13 315 589)
Taxation paid	(939 698)	–	18 289
Cash flows from investing activities	(39 058 001)	(40 590 130)	(131 177 606)
Cash flows from financing activities	(12 707 586)	43 558 699	(49 232 548)
Cash and equivalents at end of period	28 911 461	24 543 175	50 328 678

CONSOLIDATED SEGMENT REPORT

Figures in Rand	Reviewed six months ended 30 June 2010	Reviewed six months ended 30 June 2009	Audited year ended 31 December 2009
CONSOLIDATED REVENUE			
Airline	565 169 536	507 979 644	1 039 912 340
Charter	5 747 917	5 209 583	9 566 259
Saftech	138 931 609	108 014 103	288 859 528
Aeronexus	900 000	43 912 663	45 049 474
Inter-segment revenue	(62 291 564)	(51 255 641)	(132 326 257)
Total	648 457 498	613 860 352	1 251 061 344
SEGMENT RESULT			
Airline	62 210 600	65 464 197	152 759 868
Charter	(497 789)	594 909	(430 876)
Saftech	(3 193 953)	4 187 449	2 086 755
Aeronexus	(158 114)	2 062 357	1 899 078
Eliminations	(352 711)	(435 472)	(899 189)
Earnings before disclosable items	58 008 033	71 873 440	155 415 636
Finance costs	(17 636 413)	(16 263 544)	(32 983 935)
Interest received	2 625 951	3 100 800	4 722 355
Impairment of assets	(3 173 106)	(16 511 622)	(50 491 031)
Foreign exchange difference	(852 120)	9 056 572	16 621 929
Profit/(Loss) on sale of asset	1 866 940	–	(4 887 298)
Negative goodwill	–	19 891 361	19 891 361
Depreciation	(27 207 972)	(19 215 908)	(43 167 260)
Taxation	(3 397 593)	2 617 161	(19 029 677)
Profit after tax	10 233 720	54 548 260	46 092 080

COMMENTARY

PERFORMANCE REVIEW

The board of directors of 1time ("the board") is pleased to present the group interim results for the period ended 30 June 2010 ("period under review"). Despite the satisfactory performance by 1time Airline (Proprietary) Limited ("1time airline"), the group's airline subsidiary, the results of the group's maintenance subsidiary Safair technical (Proprietary) Limited ("Safair technical") were disappointing.

Group revenue increased by 6% on the back of higher passenger volumes and improved yields in 1time airline.

Group headline earnings however, decreased from R50,8 million in the previous comparative interim period ("prior period") to R14,8 million in the period under review largely due to:

- non-recurring exceptional items relating to negative goodwill of R13,6 million and impairment losses of R16,5 million having been included in the prior period's earnings;
- Safair technical incurring an attributable R7,7 million loss compared to R2,6 million earnings in the prior period; and
- a tax credit in the prior period's income statement compared to a normalised tax charge in the period under review.

Despite the decline in group earnings, cash generated from operations improved from R28,2 million to R46,3 million in the period under review.

1TIME AIRLINE

1time airline continues to perform well. Revenue increased by 11% to R565 million supported by a 4% increase in passenger numbers, higher yields and increased ancillary revenue. Load factors improved from 80% to 82%, as the airline achieved further market share gains in a flat market. 1time airline's earnings were however, negatively impacted in the period under review by an average 15% fuel price increase and a 40% increase in airport charges.

The airline currently operates over 1 300 flights per month with a fleet of twelve standardised stage 3 MD80 type aircraft. All eight domestic routes are performing well and the African expansion plans are on track with the Zanzibar, Livingstone and Maputo routes all showing good potential.

The anti-competitive agreement at Lanseria Airport expires in February 2011 and 1time's complaint currently lies with the Competition Tribunal. 1time has formally requested approval from Lanseria Airport to commence operations out of the airport during the first half of 2011.

SAFAIR TECHNICAL

Safair technical incurred a R7,7 million attributable after tax loss during the period under review. The losses are attributable to a combination of excessive staff costs, the strong Rand and lower than expected third party maintenance revenue.

The Competition Commission imposed a condition on the approval of the merger between 1time and Safair technical restricting the reduction of headcount until June 2010. As the period to which this condition relates has now expired, a cost reduction programme was implemented in July 2010. The headcount was reduced from 700 at the start of the year to 582 currently while simultaneously expanding maintenance capacity and capabilities.

Safair technical is well positioned to grow third party maintenance revenue domestically and into Africa and expects to restore profitability in the second half of 2010 financial year on lower costs and higher revenues.

1TIME CHARTERS

The group's charter business, 1time charters, generated R5,7 million revenue during the period under review having performed particularly well during the 2010 Soccer World Cup. A dedicated MD80 aircraft, will become operational in the last quarter of the year and accordingly, further revenue growth is expected.

DIVIDEND POLICY

In line with the group's strategy to reinvest in the operations to sustain growth, no dividend has been declared or paid during the period under review. 1time's dividend policy will be reviewed annually in light of the group's cash flow, gearing and capital requirements.

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed financial statements, which are based on reasonable judgments and estimates, are in accordance with International Financial Reporting Standards ("IFRS") and are consistent with those applied in the annual financial statements for the year ended 31 December 2009. These reviewed consolidated condensed interim financial statements as set out in this report have been prepared in terms of IAS 34 – Interim Financial Reporting, the Companies Act, 1973 (Act 61 of 1973), as amended, and the Listings Requirements of JSE Limited.

REVIEW OPINION

The consolidated condensed interim results for the period ended 30 June 2010 have been reviewed by the auditors of 1time, SAB-T Chartered Accountants. Their unqualified review opinion is available for inspection at the offices of 1time.

SUBSEQUENT EVENTS

The board is not aware of any material matter or circumstance arising since the end of the interim financial period ended 30 June 2010 up to the date of this report other than the transfer of 1time's listing from the Alternative Exchange to the Main Board of the JSE Limited on 5 July 2010.

PROSPECTS

Prospects for 1time airline in the second half of the 2010 financial year remain positive, with further revenue growth expected as a result of higher volumes, although margins will be largely dependent on the average Rand fuel price. For 2011 growth will be driven by Africa and Lanseria expansions. A fleet review is being performed to ensure our fleet can meet our growth plans and maintain our cost advantage in the market.

The maintenance operations are expected to return to profitability in the second half of the 2010 financial year based on anticipated higher revenue and improved margins being achieved on lower input costs.

By order of the Board

Glenn Orsmond
Chief Executive Officer

Sipho Twala
Chairman

27 August 2010

CORPORATE INFORMATION

Non-executive directors:
S M Twala (Chairman)*; T Matsinhe*; G L Wishart;
M L Sinclair (Alternative)
*Independent non-executive director

Executive directors:
G W Orsmond (Chief Executive Officer); R L James;
M J Kaminski; M Snyman (Financial Director)

Company secretary:

M Snyman

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Transfer secretaries:

Computershare Investor Services (Proprietary) Limited

Sponsor:

Merchantec Capital

Auditors:

SAB-T Chartered Accountants