ANNUAL REPORT AND FINANCIAL STATEMENTS

1 January 2016 - 31 December 2016

fastjet

The Kanga

One of East Africa's most recognizable icons, the Kanga

Almost anywhere in sub-Saharan Africa the streets are animated with brightly coloured, traditional wear that has become quintessentially an African fashion and cultural statement. The kanga (or khanga; from the old Bantu (Kiswahili) verb ku-kanga "to wrap or close", is a colourful garment similar to kitenge.

Worn by women and occasionally men, throughout Africa, every culture and country have a different incarnation of this iconic fabric, the kanga's origins traces back to Tanzania and Zanzibar, dated back to around the 19th century, where a group of fashionable women in Zanzibar sewed together traditional kerchiefs (bandanas) to create new designs and garments. These kerchiefs inspired the birth of the kanga.

Before long the kanga, bright in colour and design, became a fashion must-have with locals and traders, stimulating demand and exportation of the cloth from Zanzibar to the mainland. The first home-grown kanga designs featured a border with patterned spots on a dark background, earning the garment its name. Since then Kanga's have become recognised as gifts, given to loved ones and are multi-purpose, unisex, garments that can be used for everything from; sleep wear, day dress wraps, to fabric used for alternative dress and shirt styles.

Their designs have evolved over the past two centuries, moving away from the spotted look, to a myriad of patterns sourced from the likes of; celebrities, politicians and culturally significant imagery, depicting harvests, crops and cattle amongst others. Kangas also carry, traditional East African sayings and proverbs, mostly in Swahili. Some of the more popular ones teaching that "It's always good to save or invest for the future" while others share "A favourite finger gets a ring on" referring to the fact that privilege usually goes to the one that earns it. Another poignant phrase reads that "A chicken's prayer does not affect a hawk", quite self-explanatory, while another favourite mentions that "a ripe mango has to be eaten slowly", referring to your partner in love & life, being handled with care and gentleness. These were introduced as part of the overall kanga design, by a trader in Mombasa about 90 years ago. First in Arabic, and later in Roman lettering.

It has since then become the stock standard in this continually evolving garment which, like the T-shirt or jeans in the west, is a clobber must. What is for certain is the fact that the kanga has become an indelible part of Africa, rich in heritage and bold in expression.

On our cover – The Kanga

Contents

Strategic Report

At the 23rd World Travel Awards in Zanzibar on 9 April 2016 fastjet was named Africa's Leading Low-Cost Airline 2016

fastjet's route network - April 2017

Strategic Report

2016 - stabilisation and positioning for growth

Chief Executive's Statement

2016 was a challenging year and these financial results reflect not only a difficult market place but also the overly optimistic expansion plan adopted in early 2015. During the year fastjet continued to face weak economic conditions and increased competition in its key markets - Tanzania and Zimbabwe - and these combined challenges had an adverse effect on the Company's full year results.

In the first half of the year, fastjet's ability to effectively meet these challenges was significantly impeded by a number of structural and operational vulnerabilities within the Company. With my appointment as Chief Executive Officer on 1 August 2016 these issues were immediately addressed through the adoption of a comprehensive Stabilisation Plan designed to positively transform the Company, while staying true to the low-cost model and fastjet's vision to be a pan-African airline. While we are pleased with the progress we have made in implementing this Plan, many of the benefits from these key interventions, such as a reduced cost base, will only be fully realised during, and increasingly through, the new financial year.

During the second half of the year, fastjet withdrew from a number of loss-making routes, and eliminated surplus capacity by reducing the number of scheduled flights and commencing a re-fleeting to smaller aircraft. From July to December 2016 while capacity was reduced by 25% passenger numbers were down by only 3% and revenues were improved by 5%.

The head office relocation from London to Johannesburg, initiated as part of the Stabilisation Plan, is nearing completion and we are already beginning to realise the cost benefits of this move. In addition to saving costs, we are also focused on improving the overall efficiency of our operations, including the interaction between the Commercial, Operations and Finance functions of the business, and the relocation of our head office will aid this process.

Today fastjet has three aircraft - two Airbus A319s (one currently out of service and in the process of being returned to the lessor) in Tanzania and one Solenta Embraer E145 in Zimbabwe. This will change to two E190 aircraft in Tanzania by October 2017 and a second Solenta E145 to be deployed to Zimbabwe. We hold two Air Operator Certificates (AOCs) - in Tanzania and Zimbabwe - and operate six routes.

Fund Raising and Strategic Partnership

In August 2016, the Company raised US$20.0m before expenses to fund working capital and the implementation of the Stabilisation Plan.

Since the year end, in January 2017 the Company raised a further US$28.8m before expenses. At the same time the Company also entered a strategic partnership with Solenta Aviation Holdings Limited ("Solenta"), a South African-based operator of one of the largest African aircraft fleets. Under this agreement, Solenta will, in exchange for a shareholding of approximately 28% in the Company, provide and operate aircraft on a reduced cost "wet-lease" basis for fastjet and supply other aviation services over the next five years. This is an exciting and positive strategic partnership as it will allow the Company to leverage Solenta's existing African business and provide the platform to grow and scale fastjet flexibly and cost effectively.

The Board would like to thank all shareholders who participated in these fund-raising exercises for their continued support.

Strategic Report

Financial performance

The Group has reported a loss after tax for the year of US$48.0m (2015: loss after tax US$21.9m) on revenues up 5% at US$68.5m (2015: US$65.1m). The results for the year in large part reflect decisions in early 2015 to introduce too many new routes, expand the fleet and deploy capacity beyond market demand. The Stabilisation Plan is addressing these issues and although benefits are already being realised, primarily in cost reduction, the full benefit will only be seen as we progress through the new financial year.

The Group's operating loss for the year was US$63.9m (2015: US$37.9m) and fastjet's continued reliance on domestic and international routes, within and from Tanzania, meant that increased competition and on-going macroeconomic pressures in the country in 2016 had an adverse effect on revenues. Although the economy officially grew by 6.9% in 2016, this did not translate into travel spend across our target market due to increased competition and the concentration of wealth. Strict capacity discipline and a highly effective and coordinated commercial effort will be exercised to meet these challenges and achieve our financial objectives in 2017.

As a result of the operating loss for the year the Group incurred a significant operating cash outflow which resulted in a cash balance at the year-end of US$3.6m (2015: US$28.9m). At 30 April 2017, the Group's cash balance was US$12.9m reflecting further operating cash outflows and creditor reduction, offset by the January fundraise of US$28.8m (gross). As the benefits of the Stabilisation Plan are further realised during the new financial year the operating cash outflows are forecast to continue to improve and the Group is expected to achieve cash flow breakeven in Q4 2017.

Despite the progress made in implementing the Stabilisation Plan, the Directors believe that the current economic and trading outlook in fastjet's key markets of Tanzania and Zimbabwe remains challenging. The Group will continue to experience significant challenges in achieving the required increase in sales revenue and growth to achieve a cash flow break-even position by Q4 2017. Notwithstanding this, the Directors have adopted the Going Concern basis in preparing these Financial Statements. Further details are set out in the Going Concern statement below and in Note 1 of the Financial Statements.

Strategic Developments

Stabilisation Plan

The Stabilisation Plan is designed to strengthen the commercial and financial aspects of the business. We are pleased with progress to date, specifically regarding the Balance Sheet and cost reduction, and initiatives are in place to deliver revenue growth during 2017 with a target of achieving a cash flow break-even position by Q4 2017. The Stabilisation Plan has several key elements:

Rationalisation of routes
The rationalisation of fastjet's route schedule and network, which commenced in August 2016 after I joined, is already complete. The objective has been to more closely match capacity with demand. Frequencies on underperforming routes have been reduced, and some direct services have been incorporated into other existing services as an extension, rather than as stand-alone routes. Withdrawal from some routes was required owing to insufficient demand generating inadequate revenues which failed to even cover direct operating costs. Plans for further expansion of the network and projects to obtain licenses in additional African countries have been postponed, until our current routes are performing satisfactorily.

Fleet
The number, size and type of aircraft operated by fastjet has been fundamentally reviewed. During the year, the Group's fleet was reduced in size with aircraft being returned at the end of their leases and with the sale of the Group's one owned aircraft during October. In addition, the aircraft capacity requirements of the airline were reassessed in Q3 2016 and it was concluded that an alternative and smaller aircraft type, with materially lower operating costs, was more appropriate for the current and medium term demand characteristics of the markets in which fastjet operates. The Embraer and Bombardier 80-120 seat jet aircraft were considered and the Embraer E190/E195 was identified as the most appropriate for fastjet's requirements. Compared with the Airbus

Strategic Report

A319 type aircraft that fastjet has been operating, the Embraer is expected to yield a cost reduction of approximately 15% with lower fuel, maintenance, handling and navigation costs and charges.

The transition from the existing Airbus A319 aircraft to the replacement fleet of Embraer aircraft commenced in October 2016 with the first aircraft introduced into service, through a short-term “wet-lease” (on an “ACMI basis” where aircraft, crew, maintenance and insurance are supplied and priced into the lease payment). One of the Group’s two remaining Airbus A319 aircraft is in the process of being returned to the lessor while the second A319 will continue to be operated in Tanzania until the end of September 2017 when it is expected to be returned to its lessor. In April, fastjet replaced the short-term wet leased A319 with the first Embraer under the Solenta partnership, with a further Solenta wet-leased E145 expected to enter service this August. Two more Embraer’s are expected to enter service in October 2017, at which point fastjet’s fleet will comprise only Embraer aircraft.

Cost Reduction
Having reviewed all overhead costs, a restructuring and reorganisation of the Group’s operating entities was implemented during 2016. Unnecessary duplication and excess resource was eliminated, resulting in a more streamlined, cost efficient and appropriate organisational structure. Supplier agreements have also been reviewed and renegotiated. The Group’s high standards of safety, quality and compliance with regulatory requirements will not be compromised as a result of these initiatives.

The Group has substantially completed its head office re-location from Gatwick to Johannesburg, South Africa. The Commercial function has already completed its transition and the Finance function was fully transferred to Johannesburg by 30 April 2017. The new head office location has brought fastjet’s management and support functions closer to the airline’s operations and markets.

With the combination of head office relocation, transition to smaller gauge aircraft and renegotiation of supplier agreements, the cost base of the Group will be significantly reduced by Q3 2017.

Revenue initiatives
The Stabilisation Plan has accelerated and enhanced a wide range of commercial initiatives including:

- Improved distribution via travel agents, a new mobile phone gateway and a new Contact Centre;
- The first revenue was generated from the interline agreement with Emirates;
- Improved revenue management focus, adjusting to smaller gauge Embraer E190 aircraft and better capacity discipline; and
- Accelerated plans for a new Central Reservations System.

The Board of Directors

During 2016 there were a number of changes to the fastjet board, which are more fully described in the Directors’ Report on page 17, including my appointment as Chief Executive Officer in August 2016.

In April 2017 Rashid Wally was appointed Non-Executive Chairman and Peter Hyde joined the board as a Non-Executive Director and Chairman of the Audit Committee. With effect from 15 May 2017 Michael Muller was appointed as an Executive Director and Chief Financial Officer.

Solenta is, under the terms of the strategic partnership agreement, entitled to appoint two Non-Executive Directors.

Corporate Governance

We believe that good governance is integral to delivering growth in shareholder value. In line with best practice and regulations, we have made a separate statement on page 18.

Strategic Report

Outlook for 2017

The Board is pleased that the initial benefits of the Stabilisation Plan are already being realised and remains confident that we have the necessary industry and market-specific skills and platform to achieve our vision of being a successful pan-African airline, based on the Low-Cost Carrier (LCC) model. While the airline is relatively small we are taking the time to build capability, efficiency and strengthen governance so that when we begin to grow and enter new markets we will do this with a clear business case to deliver shareholder value and a return on capital.

Challenging trading conditions, increased competition and regulatory challenges on new market entry will be met with a renewed energy from our African operational base and we are well on the way to fulfilling our baseline objective of achieving a cash flow break-even position by Q4 2017. fastjet is stabilising and is being positioned for disciplined and measured growth, taking advantage of new strategic and commercially viable growth opportunities in Africa.

For and on behalf of the Board

Nico Bezuidenhout
Chief Executive Officer
30 May 2017

Strategic Report

fastjet's Vision

"To be the most successful pan-African low cost airline"

To operate domestic and international routes in all economically viable African markets.

Core Strategy

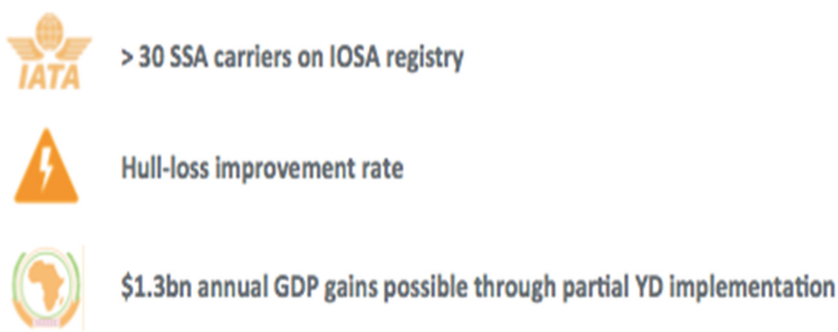
In view of the aggressive Stabilisation Plan interventions required for the airline since August 2016, the business is now relatively small, which is the ideal time to review strategy. The core strategy for the business will remain its vision to be a successful pan-African airline, based on the low-cost carrier ("LCC") model.

The African aviation context

Africa is a geography consisting of large populations of diverse communities, generally with improving prosperity levels characterised by commodity extraction dependence, improving political stability, relatively high GDP growth (off a low base) and an increasing economic middle class.

The aviation industry in Africa has the following characteristics which differentiate it from other more mature regions and markets:

1) Safety - Africa, along with Russia (and the former Soviet states), historically has the worst air safety record in the industry;
2) Fragmented market - although accounting for less than 3% of global air traffic Africa has approximately 200 airlines across the 54 African Union member countries;
3) Regulation -Market access between countries is tightly regulated. Despite the 1999 Yamoussoukro Decision ("YD") of African transport ministers, who resolved that African countries would open their markets to each other this has not yet been fully implemented. Since the YD resolution African countries have however opened their markets to non-African countries, with the primary beneficiaries being the Middle Eastern network carriers (e.g. Emirates and Etihad) and Turkish Airlines



There have been recent improvements and Africa is increasingly seen as part of the global aviation regulatory community. Safety has improved with reduced aircraft hull-loss rates and over 30 Sub-Saharan Africa airlines now certified under the International Air Transport Association's IATA Operational Safety Audit (IOSA) programme. Despite the challenging regulatory environment, tentative steps

Strategic Report

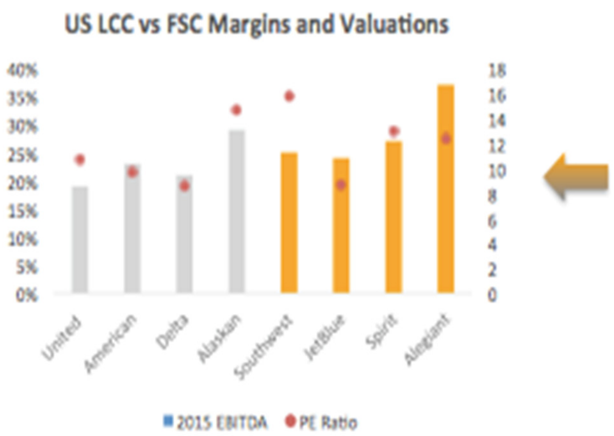
have been made to liberalise markets. There is also some pressure, from within the African Union, to liberalise markets and make some progress into implementing YD. A 2014 African Union commissioned study showed that if just 12 of its member countries fully liberalised markets to each other, there would be a US$1.3bn annual GDP gain.

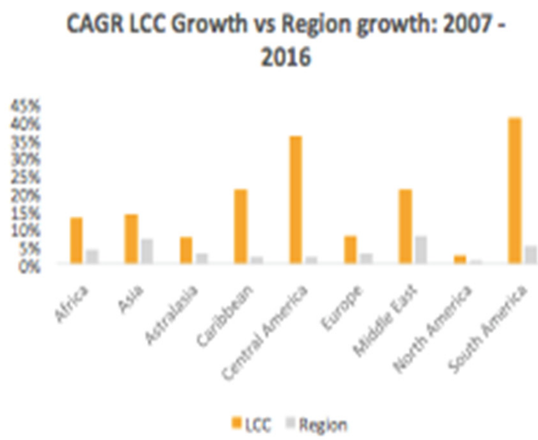
Despite the clear improvement in African aviation and the promise of further progress, there remains a wide gap between the best and worst financially performing African airlines, together with continued high levels of state-owned market participation. IATA project the overall 2017 African aviation industry loss at US$800m, despite strong performance from some airlines such as state owned Ethiopian Airlines. Generally, the African market is characterised by lower load factors than other regions, with relatively higher taxation and input costs such as jet fuel. In addition, risk premiums from a range of industry providers such as aircraft manufacturers, lessors and insurers also result in higher costs. Taken together all these factors adversely affect “cost per passenger”.

However, African aviation’s current scale leaves no doubt that it is an economically significant sector with attractive growth prospects. IATA’s current market sizing data shows airlines carrying 70 million passengers annually and supporting 6.9 million high-value jobs and approximately US$80bn in economic activity, with seven of the world’s ten fastest growing aviation sectors over the next two decades predicted to be in Africa.

Global models with local nuances

fastjet’s decision to utilise the globally proven LCC model, for African market entry, was the correct decision in 2012 and remains correct now. The LCC model carried more than 1 billion passengers globally in 2016 and maintains a higher level of financial performance and commercial sustainability than full-service (or legacy) carriers (FSCs).





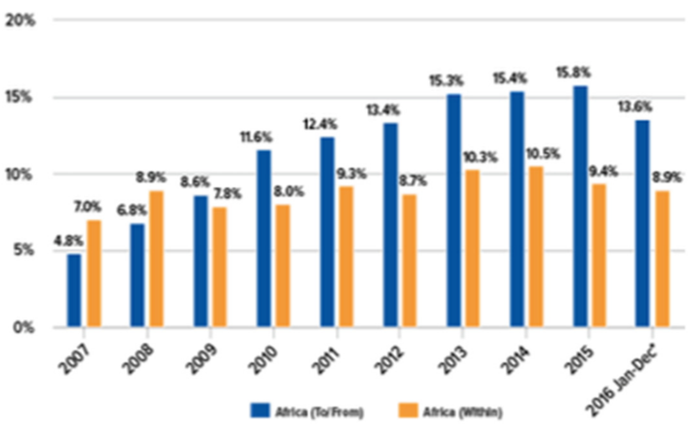
LCCs globally have higher asset utilisation, on-time performance and load factors and they also have a greater seat density in the same aircraft asset. This provides 40-50% of the cost differential, which translates to 30-40% of the price differential. Compound Annual Growth Rate, across regions, shows all regions with far higher growth rates for LCCs than FSCs and in the US market LCCs have higher EBITDA margins and trade at higher price earnings ratios. The LCC model is also characterised by simplicity of service and network structure, fleet uniformity and lower distribution costs.

Strategic Report

All this said, generic LCC models are only successful if local nuances are understood. In Africa, like most other markets, there are both demand and supply-side considerations.

On the demand-side, these include: low GDP per capita and uneven growth rates; sometimes, as in Tanzania, high wealth concentration impacts the ability to afford air travel; low internet penetration rates; and a culture that is not accustomed to air travel and has historically relied on taxis and mini buses for inter-city transport.

Africa LCC Capacity Share: 2007 To 2016



Source: CAPA - Centre for Aviation & OAG

**Year to Month indicated*

On the supply-side, airlines face longer regulatory timelines to approve new aircraft types and routes; higher risk premiums on a range of capital equipment such as aircraft leases; and some infrastructure challenges, primarily with airports.

The LCC model is proven to be applicable to the African market, with Mango in South Africa and ASKY in West Africa good examples of successful airlines. However, LCC penetration in 2016 remains low with: intra-Africa LCC capacity at 8.9%, with almost all concentrated in South Africa; and to/from Africa LCC capacity at 13.6%, with most of that in North Africa -primarily with the EU - and North-East Africa, from the Middle Eastern countries such as Dubai. So, there is considerable further scope for the LCC model to be applied in Africa.

fastjet firmly believes that Africa will follow the examples set in other geographies. African LCC growth, and particularly domestic operators, should achieve a growth rate superior to that of FSCs as new LCCs and LCC routes stimulate and grow the overall aviation market. Frequency of services should also grow and LCCs will achieve further segment penetration reflecting a switch and market redistribution from FSCs to LCCs. The African LCC model will evolve as distribution becomes more effective and FSCs, particularly the most inefficient ones, come under further pressure and they, and inefficient private capital, exit the market. The best and most successful LCCs understand their local markets, their characteristics and nuances and fastjet is determined to ensure it understands it's markets fully.

Market Overview

As a result of the Stabilisation Plan, capacity was scaled back and better aligned to market demand with effect from August 2016. The number of routes operated, schedule frequency and the number of weekly seats provided, were all reduced such that fastjet now operates six routes in four countries.

The majority of the current capacity deployment/weekly seats and the network is within Tanzania and this has been restructured around three main routes, linking Dar es Salaam to: Mwanza (2 daily flights); Mbeya; and Kilimanjaro (1 daily flight each). On those routes, fastjet is facing increased competition from Precision Air, a private operator in which Kenya Airways have a 42% interest, and Air Tanzania, a state-owned airline that has recently been restructured. This has put downward pressure on revenue and yields and it is expected that fastjet will continue to face high levels of competition on these routes in the short term

In Zimbabwe, fastjet operates two main routes, linking Harare to Johannesburg twice a day and domestically Harare to Victoria Falls four flights per week. On the domestic route the only competition is state-owned Air Zimbabwe, which has been operating under severe cash constraints for the past five years. The Johannesburg route, in turn, faces very strong competition from South African Airways, operating five daily flights, as well as from Comair (operating a British Airways franchise model) and Air Zimbabwe operating one daily flight each. Two other airlines, Rainbow and FlyAfrica, have recently received Air Operator Certificates (AOCs) and plan to launch in 2017, which is likely to disrupt the market.

Strategic Report

Regulatory environment

The regulatory environment remains an important issue for fastjet. The Company has made significant progress in some areas, though the complex regulatory landscape in Africa remains a significant challenge. A major factor in achieving fastjet's long-term growth potential is the dependence on government approvals being granted and the airline gaining access to new markets. The airline is therefore subject, on an on-going basis, to the possibility of delays in gaining approvals due to burdensome administrative processes.

Although there have been many declarations of an intent to liberalise the aviation market in various parts of Africa, there has been very little regulatory freedom put in place. As a consequence, aviation regulation in Africa is similar to that in Europe before the 1990s. Each country has individual regulatory requirements regarding control and ownership for any airline company wishing to operate within or from that country. Additionally, flights between countries are controlled through Bilateral Air Service Agreements, which are unique to each pair of countries. Airlines operating between countries also often need to obtain a Foreign Operator Permit.

Creating bases in fastjet's target markets is dependent on gaining a number of government approvals. These approvals are granted, firstly in the form of an Air Service Permit (ASP) normally by the Ministry of Transport, which is followed by a detailed review of the Company's business plan and financial status. Secondly, once an ASP has been granted, the Civil Aviation Authority will issue an Air Operator Certificate once satisfied that the airline can operate safely and that it complies with all local regulatory requirements. This process is governed by a framework prescribed by the International Civil Aviation Organisation. Finally, before the airline can operate into other countries, those destination countries often need to grant a Foreign Operator Permit for each individual aircraft following a review of the airline's maintenance programme, operations and records of each aircraft to be operated on the route.

The Company continues to campaign and have dialogue with governments at the highest level and within the industry to promote reform of the regulatory environment regarding route rights and market access in general. The regulatory environment, in terms of operating standards and safety within the industry is variable, and in some cases well below international standards. As a consequence, fastjet imposes standards on its own operations to comply wherever possible with European regulations. The Company takes every opportunity to lobby for improved safety and operational regulation and oversight by the various civil aviation authorities.

Nico Bezuidenhout
Chief Executive Officer
30 May 2017

Strategic Report

Principal risks and uncertainties

The Group is subject to various risks, including those that derive from the nature of the aviation industry and from operating in Africa. Risk assessment and evaluation is an essential part of the Group's planning and an important aspect of the Group's internal control system.

As more fully described in the Going Concern statement in the Financial Review below, there are a number of material uncertainties that may cast significant doubt upon the Group's and the parent Company's ability to continue as a going concern.

The risk management and internal control systems encompass the Company's policies, culture, organisational behaviour, processes and systems. The Group has a risk management framework and process that identifies and monitors its principal risks regularly identifying and associating mitigating actions to those risks. Given that many commercial and financial risks were realised during the period, in January 2017 the Company commenced a complete review of its risk management approach and expects to have a fully functional ISO31000 compliant risk management framework in place by the end of June 2017.

The following list sets out the Group's principal risks and uncertainties, many of which are inherent in the operation of an airline in any jurisdiction, and also provides details as to how these are managed. This list is not intended to be exhaustive:

- Safety: A major safety incident could adversely affect fastjet's operational and financial performance and reputation. fastjet's quality and safety management systems provide the key risk mitigation together with additional assurance from the license post-holders in Tanzania and Zimbabwe and oversight from the Plc Board's Safety Committee;
- Strategic: The continued operation of existing routes, the commencement of operations in new markets and the selection of fleet type can have a material impact on the Company's current financial performance and future prospects. The new management team, through the Stabilisation Plan, has fundamentally reassessed the Company's services and fleet and introduced more rigorous criteria against which new services will be considered;
- Commercial: Network and fleet planning and the need for effective competitor and market analysis are important to ensure effective on-going revenue growth. The Group now has in place an experienced management team using in-house marketing tools and external market analysis where appropriate;
- Operational: Maintenance of a safe, reliable and low cost airline is essential. The Company has in place the necessary systems and internal controls to ensure sufficient crew levels to operate the schedule and effective contract management around key supplier relationships, such as aircraft lessors, maintenance providers and ground handlers;
- Finance: Ensuring the Group has the financial resources to continue operations and deliver its strategic objectives is essential. The Group seeks to ensure it has appropriate and effective budgeting, reporting, forecasting and cash management systems in place underpinned by a strong internal control environment;
- Regulatory: The retention of regulatory approvals and licences is essential for services and operations to continue uninterrupted. The Company has the management and systems in place to ensure compliance with aviation regulations in the licensed markets -Tanzania and Zimbabwe – in which we are based and markets we operate to, such as South Africa and Zambia; and
- Litigation: During 2016 fastjet was notified that fastjet Aviation Limited had been served with an order for a creditor instructed liquidator to be appointed over fastjet Aviation Limited. To date, no indication has been made by the liquidator of any proposed action seeking to set aside the Loan notes as a preference or undervalue. Legal advice obtained by the company suggests that there is no recourse to fastjet PLC, that any claim is unlikely and, even if there was a claim, that it is unlikely to succeed.

One of the key benefits of relocating the head office from Gatwick to Africa is that it will position the senior management team much closer to our operations, our customers and our regulators. This will help ensure that, in addition to providing more efficient management, risks will be able to be monitored and controlled more effectively.

Strategic Report

The Board will ensure there is a robust assessment of the risks in relation to the approved business model and strategy and the ability to continue to meet this strategy in light of the risks and associated mitigating actions.

Financial Review

fastjet Group

The Company recorded a loss for the 2016 year of US$48.0m (2015: US$21.9m). The profit from discontinued activities of US$18.0m (2015 restated: US$14.3m) relates to the disposal of the legacy fastjet Aviation Limited (BVI) ("FAL"). The profit on discontinued activities in 2016 reflects the removal of the net liabilities of the Fly 540 cash generating unit ("CGU") from the fastjet Group as it is no longer consolidated. (see note 3)

Group revenue increased by 5% to US$68.5m (2015: US$65.1m) reflecting a 6% increase in revenue per passenger (US$87.50) (2015: US$82.74). Passenger numbers remained relatively stable as did the US dollar to the Tanzanian Shilling. A full year of revenues for the Zimbabwe operation contributed to the year on year increase.

Year on year costs from continuing activities increased by 29% to US$132.4m (2015: US$103.0m). The increase in costs largely represents the increase in fleet and capacity in early 2016. Costs of wet leasing one Embraer E190 in Tanzania and one Airbus A319 in Zimbabwe as part of the Stabilisation Plan also contributed to the increase while additional costs were incurred to comply with contractual obligations in respect of the return conditions on leased aircraft. Fuel accounted for 15% of total costs, while maintenance, reserves and engineering of the aircraft accounted for 24% of costs. An onerous contract provision of US$3.8m has been recognised relating to the A319 maintenance contract. This maintenance contract is for four A319's whereas only one aircraft remains in operation. This provision is expected to be fully utilised during the 2017 and 2018 financial years.

The loss after tax for the year for the continuing businesses, increased to US$66.0m loss (2015: US$36.2m loss).

Non-trading financial performance

Discontinued operations

During the year, the Company was notified that the subsidiary and legacy entity, fastjet Aviation Limited (formerly Lonrho Aviation (BVI) Limited) had been served with an order for a creditor instructed liquidator to be appointed over fastjet Aviation Limited in accordance with the Insolvency Act 2003 (BVI). fastjet Aviation Limited is the intermediate parent company of the sub-group which included Fly 540 Angola and, formerly Fly 540 Ghana. The deemed disposal of fastjet Aviation Limited has resulted in a profit from discontinued operations of US$18.0m for the year (see note 3).

Post balance sheet event

On 5 January 2017 the Company announced that it had entered into an agreement with Solenta Aviation Holdings Limited ('Solenta'), a specialist African aviation aircraft operator and aircraft services group, based in Johannesburg, South Africa, for the provision and operation of three wet-leased aircraft and supply of other services over the next five years. Under the terms of the Solenta agreement, Solenta agreed to recognise US$19.2m of the aggregate total expected cost of the three, five year wet-leases as being satisfied immediately upon completion through the issue of 95,633,199 Consideration shares. On admission of these Consideration shares to AIM Solenta became a 28% shareholder in the Company.

On 5 January 2017 the Company also announced that it had conditionally raised US$28.8m (before expenses) by way of a placing with institutional and other shareholders of 143,449,794 Placing shares at 16.3 pence per Placing Share.

Strategic Report

On 23 January 2017 the Company announced that at the general meeting of the Company held to approve, *inter alia*, certain matters necessary to implement the Placing, all resolutions put to shareholders were duly passed.

Fuel cost

Since March 2016 fastjet has purchased its fuel at prevailing market prices. The Board will keep its fuel price hedging strategy under review.

fastjet Tanzania

fastjet Tanzania's revenues decreased by 7% to US$60.0m (2015: US$64.6m) driven by a 13 percentage point decrease in load factors. This decrease in load factor was due to some overcapacity in the market but also the increase in fleet size in 2016 compared with the prior year. Aircraft utilisation improved to an average of 10.8 block hours per day (2015: 9.9 block hours per day). The business reported an operating loss of US$44.9m for the year (2015: US$24.2m loss) largely due to increased costs arising from the additional capacity and the return conditions for three aircraft which left the Tanzanian fleet during the last quarter of the year and an onerous contract provision for maintenance services of US$1.9m.

Exchange rate changes in 2016

Tanzania - Exchange Rate, TZS/USD

Source: Bloomberg

The shilling depreciated by only one per cent in 2016 compared with a 25 per cent depreciation experienced in 2015.

fastjet Zimbabwe

fastjet Zimbabwe commenced services in October 2015 and had its first full year results for 2016. It reported revenues of US$9.0m (2015: US$ US$0.3m) and an operating loss before exceptional items of US$14.5m for the year (2015: US$4.0m). The losses stemmed mainly from over capacity on the markets entered, which has been reduced as part of the Stabilisation Plan, together with the type of aircraft. An onerous contract provision for maintenance services of US$1.9m has also been recognised. Return conditions for the A319 currently undergoing return, have also been provided for in the 2016 results. Aircraft utilisation was an average of 6.5 block hours per day for 2016.

Strategic Report

Key performance indicators

The Directors consider the following to be the key performance indicators (KPI's) when measuring underlying operational performance. The KPI's reflect standard airline industry metrics which provide measures of efficiency and business performance. They provide a mechanism for the company to track performance at both a company level and industry level. They are indicative of how the business is achieving its strategy and objectives from an operational, cost and revenue perspective. These measures relate to the operating performance of fastjet Tanzania and Zimbabwe only.

Measure	**2016**	**2015**	**Movement**
Passenger numbers	783,317	781,238	+0%
Revenue per Passenger (US$)	87.50	82.74	+6%
Seats Flown	1,459,202	1,171,818	+25%
Available Seat Kilometres (ASK)	1,155,844,321	957,871,744	+21%
Load Factor	53.7%	66.7%	-13%
Revenue per ASK (US cents)	5.93	6.75	-12%
Cost per ASK (US cents)	11.15	9.28	+20%
Cost per ASK ex. Fuel (US cents)	9.41	7.09	+33%
Aircraft Utilisation (Hours)	9.8	9.9	-1%
Aircraft Utilisation at Year End (Hours)	8.6	9.6	-11%
Aircraft Utilisation in Peak Month (Hours)	11.2	11.2	0%

Funding

A placing and open offer on 8 August 2016 successfully raised £15.2m (US$20.0m) before expenses from institutional and other investors. The proceeds of the placing have been utilised in providing working capital to existing operations in Tanzania and Zimbabwe.

On 5 January 2017 the Company also announced a further placing of 143,449,794 shares at 16.3 pence or £23.4m (US$28.8m) before expenses from institutional investors and other shareholders. These proceeds will be used for implementation of the Stabilisation Plan specifically the change to the aircraft fleet and completion of the relocation of the head office.

Going Concern

The Group's cash balance at 30 April 2017 was US$12.9m reflecting the benefit of the January 2017 equity placing of US$28.8m before expenses offset by high operating costs and creditor reductions. This cash balance included US$2.0m which is only available for use within Zimbabwe. The Group does not have any debt facilities other than a US$10.3m loan note in respect of fastjet Aviation Limited (see note 3).

There are risks associated with operating in Africa including but not limited to political, judicial, administrative, fiscal or other regulatory matters. Many countries in Africa, including those in which the Group currently operates may in the future experience severe socio-economic hardship and political instability, including political unrest and government change.

The commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business which may be susceptible to delay, revision or cancellation, as a result of which legal redress may be uncertain or delayed.

Strategic Report

The Company is implementing a Stabilisation Plan. This process commenced in September 2016 and involves the following key aspects:

1. Relocation of the Gatwick office to Johannesburg
   Various functions have been relocated to Johannesburg, namely Finance, Commercial and Marketing. The Group Operations and Engineering functions are currently being operated from Gatwick. The Gatwick office lease will not be renewed and expires in August 2017.

2. Route optimisation
   The rationalisation of the route network focussing on more profitable routes continued, with a number of loss making routes suspended during the year.

3. Re-fleeting to smaller aircraft (Embraer E145s/E190s)
   The process to remove the A319 aircraft from the fleet is well advanced. The estimated costs of early return for the two remaining aircraft and re-fleeting to a smaller capacity aircraft are circa US$4.0m. At the end of 2016 the Company operated two A319s, both on long term leases, and is currently negotiating an early release of these two aircraft. One A319 has already been taken out of service and there are plans for the second A319 to be removed by the end of September 2017. The current fleet plan utilises a combination of both wet leases and dry leases throughout 2017.

The Directors have prepared detailed forecasts through to June 2018, based on the Stabilisation Plan. The key assumptions which form the basis of the forecast are:

Revenue

- Load factors reach 87% by end of Q2 2017, mainly driven by smaller aircraft capacity;
- Year on year passenger decrease of 14% for continued routes due to reduced capacity; and
- Average fare for continued routes slight decrease year on year.

Expenditure

- Gatwick office relocated to Johannesburg by August 2017. Salary savings associated with this move will be approximately 22%;
- Progressive replacement of the A319s by Embraer E190s/E145s. Fastjet currently only operates one A319 and has already begun to operate one of the E145 aircraft under the Solenta operational agreement. By October 2017 fastjet expects to operate two E190 dry leases in Tanzania and two E145 Solenta wet leases in Zimbabwe by August 2017.
- Costs relating to ground handling reduce by 15% due to smaller aircraft and renegotiation of agreements;
- Fuel cost assumed to reduce by 35% due to smaller aircraft and reduced routes operated. The oil price for 2017 will remain static;
- Flight crew costs reduced by 75% as a consequence of ceasing to employ expatriate pilots and the changes in routes and size of fleet operated;
- Removal of remaining two A319's by September 2017;
- Availability to use up to three wet-leased aircraft at a reduced ACMI rate as a result of the transaction entered into with Solenta. The ACMI cash element rate, as compared to current rates being charged, will be reduced by 33% due to an element of the lease being consideration for the shares issued to Solenta. One E145 is already in operation under this agreement, with an additional E145 expected to be utilised in Zimbabwe later this summer: and
- Repayment of Loan Notes to fastjet Aviation Limited to commence in July 2017. Repayment is due over 10 years in quarterly instalments at 4% per annum.

Other

- Exchange rates. Fastjet's cashflows are most exposed to movements in the Tanzanian shilling and the US dollar. In its forecasting Fastjet has assumed that the key exchange rates remain as at current levels.

Strategic Report

- fastjet Aviation Limited (formerly Lonrho Aviation (BVI) Limited) has been issued with an order for a creditor appointed liquidator to be appointed under the Insolvency Act 2003 (British Virgin Islands). The Directors do not believe that there is recourse to fastjet Plc for any of the liabilities of fastjet Aviation Limited.

The Directors have also considered a number of risks in achieving these forecasts including *inter alia*:

- Not achieving forecast passenger numbers and load factors;
- Aviation fuel prices, which are currently not hedged, increase;
- Adverse currency exchange rate movements;
- Not achieving the cost reductions required to reach breakeven by Q4;
- Availability of aircraft with only three aircraft in the fleet; and
- Not achieving additional funding if required.

The Directors believe, on the basis of current financial projections and funds available, that the Group has sufficient resources to meet its operational needs until at least June 2018. It should be noted, however, that the headroom over available cash resources is minimal with forecasts showing headroom at its lowest in October 2017. The Directors have also prepared sensitised cash flow forecasts which indicate that the Group will need to raise additional funding if any of the following variances in assumptions arise. Specifically:

- Load factors not met by 5%; or
- Fare prices decrease by 2% year on year; or
- Fuel prices increase by 15% with no recovery in ticket prices, or
- Foreign exchange rate depreciation of Tanzanian shilling by 13% against the US dollar.

Should additional funds be required the Directors believe it will be necessary to request additional equity from existing and possibly new shareholders. As at the date of approval of these Financial Statements, no commitment has been made or received for any future financing and there can be no certainty that additional funding if required will ultimately be available.

In preparing these financial statements, the Directors continue to adopt the going concern basis, notwithstanding the possibility that further funding may be required and about which there is no certainty at the date of approval of these financial statements.

However, given the minimal headroom in the forecast, the matters described above represent material uncertainties that may cast significant doubt upon the Group's and the parent Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result if the basis of preparation proved inappropriate.

Michael Muller
Chief Financial Officer

30 May 2016

Directors' Report

Board of Directors

The current Directors of the Company are summarised below. The Directors report on page 20 sets out details of the Directors who served during 2016.

Rashid Wally, Non-Executive Chairman

Rashid Wally was appointed as Non-Executive Chairman on 1 April 2017. Mr Wally was previously the Chairman and member of the Audit Committee of Mango Airlines (SOC) Ltd.

In addition to his airline experience, Mr Wally has a track record spanning over 38 years in the information technology sector having held various senior executive positions with IBM in Africa, Europe, the Middle East, South East Asia and Lenovo in Africa. He is highly regarded for his corporate turnaround experience, having successfully completed many restructuring projects in his previous roles. Mr Wally also has significant corporate governance expertise which will benefit fastjet as it continues to expand and develop.

Nico Bezuidenhout, Chief Executive Officer

Nico Bezuidenhout joined fastjet as CEO on 1 August 2016, bringing over ten years of low-cost airline expertise and invaluable market knowledge to the Company.

Prior to working with fastjet, Nico acted as CEO of Mango Airlines, the LCC subsidiary of South African Airways. Nico worked with Mango for ten years from its inception, and grew it into a major operator in the South African domestic air travel market, with a 25 percent market share and a fleet of 10 Boeing 737-800 aircraft.

During this time, Nico has also acted twice as CEO of South African Airways itself during interim periods, guiding the company through transitions in leadership and developing its long-term strategy. He was also involved in launching SAA's e-commerce and electronic ticketing.

Before entering the African aviation industry, Nico founded South Africa's first and most recognised ticketing service, Ticketweb**.**

Michael Muller, Chief Financial Officer

Michael Muller was appointed Chief Financial Officer on 15 May 2017 having joined the Company in November 2016. He has over 10 years' experience in the aviation sector.

Michael held various roles within South African Airways including Head of Management Accounting and Reporting and as Chief Financial Officer and director of Air Chefs, a subsidiary of South African Airways. Post South African Airways and prior to joining fastjet, Michael was the financial director of a private defence company.

Michael has gained invaluable experience in turning around companies during his various roles.

Michael is a qualified Charted Accountant, and a member of the South African Institute of Chartered Accountants.

Robert Burnham, Non-Executive Director

Robert Burnham has been a non-executive director of the Company since May 2006. Rob has held a variety of executive director and senior management positions in a number of listed companies both in the UK and USA.

He has undertaken lead roles in substantial merger and acquisition transactions and, as Chairman, led a flotation on the London AIM market. He currently operates as a Management Consultant advising businesses on building enterprise value through profitable growth and staff professional development.

Directors' Report

Peter Hyde, Non-Executive Director

Peter Hyde joined the board as a Non-Executive Director and Chairman of the Audit Committee on 24 March 2017. Mr Hyde brings extensive financial and UK corporate expertise to the Board, having spent more than 30 years in the financial services industry including extensively covering the transport and aviation sectors as a research analyst. Mr Hyde also has significant industry experience, having previously served as CEO of easyBus and having held senior project management roles at National Express. Mr Hyde is an independent Non-Executive Director and not a representative of the easyGroup.

Corporate Governance

The Board is committed to maintaining high standards of corporate governance. The Company has adopted policies and procedures which reflect the principles of the QCA's Corporate Governance Guidelines for Smaller Quoted Companies ("QCA Code") as are appropriate to a Company whose shares are admitted to trading on AIM.

Directors' Report

Report of the Directors

The Directors present their report together with the audited accounts for the year ended 31 December 2016 and the comparative 12 month period to 31 December 2015.

Results and dividends

The income statement is set out on page 29 and has been prepared in US dollars, the reporting currency of the Company and the consolidated Group. The Group's net loss after taxation for the year was US$48.0m loss (2015: US$21.9m loss). No dividends have been paid or proposed.

Post balance sheet events

Post balance sheet events are shown at Note 24

Internal control

The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Company and to ensure the reliability of financial information for both internal use and external publication. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of increased activity and further development of the Company, continuing reviews of internal controls are undertaken to ensure that they are adequate and effective. In particular, in recognising the immaturity and evolving nature of the business, management has invested time and effort to improve controls within fastjet Tanzania.

Risk management

The Board considers risk assessment to be important in achieving its strategic objectives. Project milestones and timelines are regularly reviewed. An assessment of all key risks faced by the Company is reviewed by the Board on a regular basis and appropriate, mitigating and monitoring actions agreed.

Employees

The Directors follow a policy of keeping all employees informed of strategic, commercial, financial and human resources matters.

Securities trading

The Board has adopted a Share Dealing Code that applies to Directors, senior management and any employee who is in possession of price-sensitive information. All such persons are prohibited from trading in the Company's securities if they are in possession of price-sensitive information. Subject to this condition and trading prohibitions applying to certain periods, trading can occur provided the relevant individual has received the appropriate prescribed clearance.

Relations with shareholders

The Board is committed to providing effective communication with the shareholders of the Company. Significant developments are disseminated through the London Stock Exchange announcements and regular updates of the Company website. The Board views the AGM as a forum for communication between the Company and its shareholders and encourages their participation in its agenda. The Board maintains regular contact with its advisers and public relations consultants in order to ensure that the Board develops an understanding of the views of major shareholders about the Company.

Directors' Report

Substantial shareholdings

At 31 December 2016, the following shareholders had notified the Company of disclosable interests in 3% or more of the nominal value of the Company's shares:

Shareholder	Number of ordinary shares of 1p held as at 31 Dec 2016	% of issued share Capital
M&G Investment Management	19,274,776	19.92
JO Hambro Capital Management	10,290,769	10.64
Majedie Asset Management	9,632,567	9.96
easyGroup Holdings	8,297,194	8.58
GAM	7,514,200	7.77
Henderson Global Investors	7,231,657	7.47
The Mako Europe Fund Ltd (Oxburgh)	4,964,000	5.13
Hargreaves Lansdown Stockbrokers	4,246,836	4.39

Directors

The Directors who served the Company during the period and up to the publication of this report:

Name	Position	
Nico Bezuidenhout	Executive Director	*Appointed 1 August, 2016*
Robert Burnham	Non-Executive Director	
Rashid Wally	Non-Executive Chairman	*Appointed 1 April, 2017*
Peter Hyde	Non-Executive Director	*Appointed 24 March, 2017*
Michael Muller	Chief Financial Officer	*Appointed 15 May 2017*
Nick Caine	Chief Financial Officer	*Resigned 22 January 2016*
Krista Bates	General Counsel	*Resigned 14 March 2016*
Colin Child	Non-Executive Director and Chairman	*Resigned 25 November 2016*
Bryan Collings	Non-Executive Director	*Resigned 8 April 2016*
Tim Ingram	Non-Executive Director	*Resigned 18 March 2016*
Ed Winter	Chief Executive Officer	*Resigned 18 March 2016*
Lisa Mitchell	Chief Financial Officer	*Appointed 19 January 2016; Resigned 12 May 2017*

Board of Directors

Following the resignations and appointments detailed above, the Board of Directors currently comprises two Executive Directors and three Non-Executive Directors. Following the resignation of Colin Child, Nico Bezuidenhout temporarily assumed the Executive Chairman's role until Rashid Wally was appointed to the Board. At that time he reverted back to Chief Executive Officer. The Directors are now of the opinion that the Board comprises a suitable balance and that the recommendations of the UK Corporate Governance Code have been implemented to an appropriate level for the Company.

Board meetings

The Board meets regularly, typically each month, throughout the year in relation to normal operational matters. The Board is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operating performance.

All Directors have access to the advice of the Company's solicitors and the Company Secretary ensures necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively,

Directors' Report

and all Directors have access to independent professional advice, at the Company's expense, as and when required.

Board committees

The Board has established the following committees, each of which has its own terms of reference:

Safety Committee
Comprises Robert Burnham (Chairman), Peter Hyde, Rashid Wally, the Chief Executive Officer, and the Group Director of Operations, although all Board members are invited to attend meetings.
The Safety Committee is responsible for monitoring the governance of safety and security management within the airline, ensuring that safety risks and security threats are adequately monitored and that sufficient resources exist to ensure that management and reporting within the Company is maintained at a suitable level.

Audit Committee
Comprises three members all of which are non-executive directors: Peter Hyde (Chairman), Robert Burnham and Rashid Wally. The committee assists the board of directors to fulfil its corporate governance and oversight responsibilities in relation to fastjet's financial reporting, internal controls, risk management and internal / external audit functions. It focuses in particular on compliance with accounting policies and ensuring that an effective system of internal and external audit and financial control is maintained, including considering the scope of the annual audit and the extent of the non-audit work undertaken by external auditors and advising on the appointment of external auditors.

Remuneration Committee
Comprises three members all of which are non-executive directors: Robert Burnham (Chairman), Rashid Wally and Peter Hyde
The committee reviews the scale and structure of the Executive Directors' and senior employees' remuneration and the terms of their service or employment contracts, including share option schemes and other bonus arrangements. The remuneration and terms and conditions of the Non-Executive Directors are set by the entire Board.

Nomination Committee
Comprises three members all of which are non-executive directors: Rashid Wally (Chairman), Robert Burnham and Peter Hyde
The committee is responsible for evaluating the balance of skills, knowledge and experience of the Board, the size, structure and composition of the Board and for identifying candidates to fill vacancies on the Board, as and when they arise. The Nomination Committee will make appropriate recommendations to the Board on such matters.

Executive Committee
The Executive Committee comprises the Executive Directors of the Company - the Chief Executive Officer, Chief Financial Officer, and Chief Commercial Officer, Chief Strategy Officer, Group Head of HR and the Chief Operations Officer. The Executive Committee's primary responsibilities are to implement the business plan agreed by the Board, review the operating performance of each Group company, manage the Group's strategic planning process and corporate acquisitions and disposal programme, monitor and approve capital expenditure and contracts within delegated limits entered into by the Group, and to manage the Group's HR policies.

Directors' and Officers' Insurance cover

Insurance cover has been established for all Directors to provide cover against their reasonable actions on behalf of the Company. The indemnities, which constitute a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006, were in force during the last financial year and remain in force for everyone who is or was a Director.

Directors' Report

Directors' interests

The beneficial share interests of the Directors that served during the period are set out below:

Name	**31 December 2016 No. of shares of £0.01 each**	31 December 2015 No. of shares of £1 each
Krista Bates *(resigned 14 March 2016)**	25,000	25,000
Nico Bezuidenhout (appointed *1 August 2016*)**	Nil	Nil
Robert Burnham	1,472	1,472
Nick Caine *(resigned 22 January 2016)*	Nil	25,000
Colin Child *(resigned 25 November 2016)**	140,000	Nil
Bryan Collings *(resigned 8 April 2016)*	Nil	Nil
Tim Ingram *(resigned 18 March 2016)**	188,341	188,341
Ed Winter *(resigned 18 March 2016)**	443,000	443,000
Lisa Mitchell (appointed 19 January 2016)	Nil	Nil

**held as at time of leaving office*
***On 23 January 2017 Mr Bezuidenhout subscribed for 124,522 ordinary shares as part of the Placing.*

Remuneration Policy

The Company has agreed a policy designed to retain and attract individuals of the highest calibre in order to ensure corporate success and therefore enhance shareholder value.

The overall approach is to attract, develop, motivate and retain such individuals at all levels by paying competitive salaries and benefits to all staff and encouraging staff to hold shares in the Company. Pay levels are set to take account of contribution and individual performance, and also with reference to relevant market information where available. The Company seeks to reward its employees fairly and give them the opportunity to increase their earnings by linking pay to achieving business and individual targets.

The Remuneration Committee and the Board believe that share ownership is an effective way of strengthening the involvement of all staff in the future development of the Company and aligning their interests with those of all shareholders. As such fastjet utilises share option schemes and share incentive schemes as appropriate.

The remuneration of the Executive Directors is set by the Remuneration Committee and the Board sets the remuneration of the Non-Executive Directors. The Committee also monitors the level and structure of remuneration for other senior executives and managers. In line with best practice and to bring the Directors' and shareholders' interests further into line, Directors and the management team are encouraged to receive and hold shares as part of their performance related remuneration.

Bonus Policy

The criteria for Executive Director Bonus awards are set to reflect the achievement of strategic targets, both short term and long term. During 2016 the goals were weighted to progressing towards long term goals, building enterprise value, and thus directly delivering value to all the Company's shareholders.

Directors' Report

Directors' remuneration

Remuneration of those serving, and whilst serving, as Directors in the period is analysed below.

For the year ended 31 December 2016

	Salary US$'000	Bonus US$'000	Fees US$'000	Benefits US$'000	Total US$'000
Krista Bates *(resigned 14 March 2016)**	538	-	-	24	562
Nico Bezuidenhout *(appointed 1 August 2016)*	167	-	-	-	167
Robert Burnham	53	-	17	-	70
Nick Caine *(resigned 22 January 2016)*	89	-	-	1	90
Lisa Mitchell (*appointed 19 January 2016*)	341	-	-	3	344
Bryan Collings *(resigned 8 April 2016))*	24	-	-	-	24
Colin Child *(resigned 25 November 2016)*	233	-	-	-	233
Tim Ingram *(resigned 18 March 2016)*	-	-	-	-	-
Ed Winter *(resigned 18 March 2016)**	624	-	-	7	631
Total	2,069	-	17	35	2,121

* The amounts include a loss of office component of US$498,000 for Mr Winter and US$445,000 for Ms Bates. Key management personnel are considered to be members of the Executive Committee. The total remuneration of the Executive Committee, including the Executive Directors detailed above, was US$1.18m in 2016.

For the year ended 31 December 2015

	Salary US$'000	Bonus US$'000	Fees US$'000	Benefits US$'000	Total US$'000
Krista Bates (*resigned 14 March 2016*)	379	-	-	-	379
Richard Bodin *(resigned from board 4 December 2015)*	351	-	-	8	359
Robert Burnham	-	-	89	-	89
Nick Caine (*resigned 22 January 2016*)	414	-	-	1	415
Clive Carver *(resigned 4 December 2015*)	-	-	119	-	119
Tim Ingram *(appointed 29 September 2015, resigned 18 March 2016)*	-	-	-	-	-
Bryan Collings (*appointed 1 May 2015, resigned 8 April 2016*)	-	-	-	-	-
Colin Child (*appointed 1 October 2015, resigned 25 November 2016*)	30	-	-	-	30
Ed Winter (*resigned 18 March 2016*)	580	-	-	9	589
Total	1,754	-	208	18	1,980

No pension payments are made for Directors.

Directors' Report

Share options granted to Directors

Share options granted to those serving as Directors in the period are shown below.

	31 December 2016 No. share options	31 December 2015 No. share options	Exercise Price	Date granted	Exercise period	Date renounced
Krista Bates[1]	422,607	422,607	£1.025	01/04/15	01/04/18-01/04/25	-
Nico Bezuidenhout	1,500,000	-	£0.315	15/08/16	15/08/16-15/08/26	-
Rob Burnham	146,972	146,972	£1.025	01/04/15	01/04/18-01/04/25	-
Nick Caine[2]	-	422,607	£1.025	01/04/15	01/04/18-01/04/25	22/01/2016
Lisa Mitchell	422,607	-	£0.315	15/08/16	15/08/16-15/08/26	-
Ed Winter[3]	1,141,040	1,141,040	£1.025	01/04/15	01/04/18-01/04/25	-

The options issued in 2016 were issued under the existing option schemes: the Tax Advantaged 2015 CSOP Scheme and the Non-Tax Advantaged 2015 Scheme.

1. *Ms Bates resigned from the Board effective 14 March 2016*
2. *Mr Caine resigned from the Board effective 22 January 2016*
3. *Mr Winter resigned 18 March 2016*

Provision of information to auditor

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

KPMG LLP has signified its willingness to continue in office as auditor, and a resolution that they be re-appointed and to authorise the Directors to fix their remuneration will be proposed at the next annual general meeting.

By order of the Board

Ben Harber
Company Secretary

Directors' Report

Statement of Directors' Responsibility

The Directors are responsible for preparing the Annual Report, Strategic report, Directors' report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group Financial Statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company Financial Statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FASTJET PLC

We have audited the financial statements of fastjet Plc for the year ended 31 December 2016 set out on pages 29 to 79. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 25, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Basis for qualified opinion on financial statements

At 31 December 2015 fastjet Plc had an investment of 60% in Fly 540 Angola, a foreign subsidiary whose immediate parent company is fastjet Aviation Limited. An announcement was made in April 2014 that fastjet was suspending operations in Angola. fastjet has not provided any further funding to Fly 540 Angola and it has not maintained a local office in Angola. Therefore, local accounting books and records were not prepared. In addition, fastjet has neither sought nor received any communication with the minority shareholder in Fly 540 Angola and therefore fastjet Plc assumed no change in the financial position of Fly 540 Angola for the preparation of the 31 December 2015 consolidated financial statements except for transactions during 2015 involving other Group companies. In the absence of proper accounting records, we were unable to obtain sufficient appropriate audit evidence over the value of assets of US$1.4m and the completeness of liabilities of US$18.1m related to Fly 540 Angola as at 31 December 2015, as detailed in note 3. We qualified our audit opinion on the financial statements for the year ended 31 December 2015 with regard to this limitation.

As detailed in note 3, on 6 June 2016 a liquidator has been appointed to fastjet Aviation Limited, which is the immediate parent company of Fly 540 Angola. This part of the fastjet Group has now been deconsolidated following the loss of control to the liquidator, and the results of fastjet Aviation Limited and subsidiaries are presented as discontinued operations with the comparatives restated accordingly. The amounts reported in the year ended 31 December 2016 in respect of discontinued activities, which includes Fly 540 Angola, reflect the deconsolidation of the assets and liabilities of fastjet Aviation Limited and subsidiaries and are based on the assets and liabilities included in the opening balance sheet as at 1 January 2016. As described above, we were unable to obtain sufficient appropriate audit evidence over the related assets and liabilities as at 31 December 2015, and therefore were unable to obtain sufficient appropriate audit evidence over the amounts reported in respect of discontinued operations in the year ended 31 December 2016, including the reported profit on disposal of US$18.0m and the comparative result from discontinued operations of US$14.3m.

Independent auditor's report

Following the deconsolidation of the assets and liabilities of Fly 540 Angola during the year ended 31 December 2016, the above matters do not affect the evidence available to us in respect of the balance sheets as at 31 December 2016.

Qualified opinion on financial statements

In our opinion, except for the possible effect solely on the comparative information for the year ended 31 December 2015 of the matter described in the basis for qualified opinion on financial statements paragraphs, the financial statements give a true and fair view of the state of the group and parent company's affairs as at 31 December 2016.

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion on financial statements paragraph:

- the financial statements give a true and fair view of the state of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not further modified in this respect, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning uncertainties as to the group's and the parent company's ability to continue as a going concern; in particular the substantial achievement of forecasts including higher load factors and yields, and cost savings from the relocation of head office, rationalisation of routes and changes to fleet and, if needed, the successful receipt of additional equity funding appropriate to the Group's needs. These matters along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the group's and the parent company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the parent company were unable to continue as a going concern.

Qualified opinion on other matters prescribed by the Companies Act 2006

Except for the possible consequential effects of the matter described in the basis for qualified opinion on financial statements paragraphs on the related disclosures in the Strategic Report and Directors' Report, based solely on the work required to be undertaken, in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' Report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to Angola, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and

Independent auditor's report

- we were unable to determine whether adequate accounting records have been kept.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made.

Lynton Richmond (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Forest Gate
Brighton Road
Crawley
RH11 9PT

30 May 2017

Consolidated income statement

	Note	**2016** **fastjet** **US$'000**	2015 (restated) fastjet US$'000
Revenue		**68,538**	65,055
Cost of Sales		**(95,422)**	(77,963)
Gross Loss		**(26,884)**	(12,908)
Administrative costs		**(37,026)**	(25,018)
Group operating loss	4	**(63,910)**	(37,926)
Finance income	6	**30**	2,330
Finance charges	6	**(1,943)**	(273)
Loss from continuing activities before tax		**(65,823)**	(35,869)
Taxation	7	**(175)**	(353)
Loss from continuing activities after tax		**(65,998)**	(36,222)
Profit from discontinued activities net of tax	3	**17,953**	14,281
Loss for the year		**(48,045)**	(21,941)
Attributable to:			
Shareholders of the parent company		**(68,483)**	(21,941)
Non-controlling interests		**20,438**	-
		(48,045)	(21,941)
Loss per share (basic and diluted) (US$)	8		
From continuing activities		**(0.84)**	(0.71)
From discontinued activities		**(0.03)**	0.28
Total		**(0.87)**	(0.43)

The comparable results for 2015 have been restated to include the Angola CGU as a discontinued activity (see note 3)

Consolidated statement of comprehensive income

	Note	2016 US$'000	2015 US$'000
Loss for the year		**(48,045)**	(21,941)
Foreign exchange translation differences	1	**(194)**	3,226
Translation reserve taken to the income statement on disposal of subsidiary		**15**	(10,937)
Total other comprehensive expense for the year		**(179)**	(7,711)
Total comprehensive expense		**(48,224)**	(29,652)
Attributable to:			
Shareholders of the parent company		**(68,662)**	(29,652)
Non-controlling interests		**20,438**	-
Total comprehensive expense		**(48,224)**	(29,652)

All items in other comprehensive income will be re-classified to the Income Statement.

Non- controlling interests for 2015 are US$ Nil as there was no profit or loss within the Fly 540 Angola legal entity for the period.

Consolidated balance sheet

	Note	**2016 US$'000**	2015 US$'000
Non-current assets			
Intangible assets	9	**312**	487
Property, plant and equipment	10	**465**	18,338
Trade and other receivables	11	**780**	2,054
		1,557	20,879
Current assets			
Cash and cash equivalents	14	**3,607**	29,890
Trade and other receivables	11	**10,835**	9,087
		14,442	38,977
Total assets		**15,999**	59,856
Equity			
Called up equity share capital	17	**145,324**	144,923
Share premium account		**127,185**	108,366
Reverse acquisition reserve		**11,906**	11,906
Retained earnings	1	**(312,956)**	(245,138)
Translation reserve		**3,643**	3,822
Equity attributable to shareholders of the Parent Company		**(24,898)**	23,879
Non-controlling interests		**-**	(20,438)
Total equity		**(24,898)**	3,441
Liabilities			
Non-current liabilities			
Loans and other borrowings	15	**8,102**	-
Trade and other payables	12	**1,558**	1,786
		9,660	1,786
Current liabilities			
Bank overdrafts	14	**-**	975
Loans and other borrowings	15	**1,127**	-
Provisions	13	**3,784**	-
Obligations under finance leases	16	**-**	14,406
Trade and other payables	12	**25,844**	38,940
Taxation		**482**	308
		31,237	54,629
Total liabilities		**40,897**	56,415
Total liabilities and equity		**15,999**	59,856

These financial statements were approved and authorised for issue by the Directors on 30 May 2017 and are signed on their behalf by:

Nico Bezuidenhout
Chief Executive Officer

Consolidated cash flow statement

	2016	2015(restated)
	US$'000	US$'000
Operating activities		
Result for the year	**(48,045)**	(21,941)
Tax charge	**175**	353
Loss/(Profit) on disposal of aircraft	**2,913**	-
Loss on disposal of other property, plant and equipment	**37**	-
Profit from discontinued operations	**(17,953)**	(14,281)
Impairment of aircraft	**-**	-
Depreciation and amortisation	**1,152**	292
Finance income	**(30)**	(2,592)
Finance charges	**997**	353
Tax paid	**-**	(159)
(Increase)/Decrease in receivables	**(1,025)**	(3,285)
Increase in trade and other payables	**8,778**	3,583
Share option charges	**665**	778
Net cash flow from operating activities	**(52,336)**	(36,899)
Investing activities		
Disposal of discontinued operation net of cash disposed of	**921**	4,356
Sale of aircraft	**7,840**	11,000
Sale of other plant, property and equipment	**6**	-
Purchase of intangibles	**(82)**	(226)
Purchase of property, plant and equipment	**(69)**	(13,304)
Net cash flow from investing activities	**8,616**	1,826
Financing activities		
Proceeds from the issue of shares (net of expenses)	**19,220**	71,918
Interest paid	**(755)**	(192)
Finance lease payments on held for sale aircraft	**-**	(11,319)
Net cash flow from financing activities	**18,465**	60,407
Net movement in cash and cash equivalents	**(25,255)**	25,334
Foreign currency difference	**(53)**	2,204
Opening net cash	**28,915**	1,377
Closing net cash	**3,607**	28,915

Cash balances at 31 December 2016 include US$ Nil (2015: US$54,000) of cash not available for use by the Group, being US$ nil (2015: US$54,000) held in Angola where the government restricts movement of currency. Cash balances at 31 December 2016 include US$ 1,331,000 (2015: US$ 30,000) of cash that is held in Zimbabwe and can only be used within that territory

Consolidated statement of changes in equity

	Share Capital	Share Premium	Reverse Acquisition Reserve	Translation Reserve	Retained Earnings	Non-controlling Interests	Total Equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 31 December 2014	**69,850**	**108,366**	**11,906**	**11,533**	**(218,227)**	**(23,031)**	**(39,603)**
Shares issued	75,073	-	-	-	(3,155)	-	71,918
Share based payments	-	-	-	-	778	-	778
Change in non-controlling interests (see Note 18)	-	-	-	-	(2,593)	2,593	-
Transactions with owners	75,073	-	-	-	(4,970)	2,593	72,696
Translation reserve taken into income statement on disposal of subsidiary	-	-	-	(10,937)	-	-	(10,937)
Foreign exchange difference	-	-	-	3,226	-	-	3,226
Loss for the year	-	-	-	-	(21,941)	-	(21,941)
Balance at 31 December 2015	**144,923**	**108,366**	**11,906**	**3,822**	**(245,138)**	**(20,438)**	**3,441**
Shares issued	401	18,819	-	-	-	-	19,220
Share based payments	-	-	-	-	665	-	665
Transactions with owners	401	18,819	-	-	665	-	19,885
Foreign exchange difference	-	-	-	(194)	-	-	(194)
Translation reserve taken into income statement on disposal of subsidiary	-	-	-	15	-	-	15
Loss for the year	-	-	-	-	(68,483)	20,438	(48,045)
Balance at 31 December 2016	**145,324**	**127,185**	**11,906**	**3,643**	**(312,956)**	**-**	**(24,898)**

Notes to the Group financial statements

1. Significant accounting policies

fastjet Plc is the Group's ultimate parent company. It is incorporated in England and Wales. The Company's shares are quoted on the AIM market of the London Stock Exchange.

Basis of preparation

These financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified as fair value through the profit or loss or as available for sale and liabilities for cash settled share based payments. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

They are prepared in accordance with applicable International Financial Reporting Standards (IFRS) as adopted by the EU.

The significant accounting policies are set out below and have, unless otherwise stated, been applied consistently, in all material respects, throughout all periods presented in these financial statements.

Going concern

The Group's cash balance at 30 April 2017 was US$12.9m reflecting the benefit of the January 2017 equity placing of US$28.8m before expenses offset by high operating costs and creditor reductions. This cash balance included US$2.0m which is only available for use within Zimbabwe. The Group does not have any debt facilities other than a US$10.3m loan note in respect of fastjet Aviation Limited (see note 3).

There are risks associated with operating in Africa including but not limited to political, judicial, administrative, fiscal or other regulatory matters. Many countries in Africa, including those in which the Group currently operates may in the future experience severe socio-economic hardship and political instability, including political unrest and government change.

The commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business which may be susceptible to delay, revision or cancellation, as a result of which legal redress may be uncertain or delayed.

The Company is implementing a Stabilisation Plan. This process commenced in September 2016 and involves the following key aspects:

1. Relocation of the Gatwick office to Johannesburg
   Various functions have been relocated to Johannesburg, namely Finance, Commercial and Marketing. The Group Operations and Engineering functions are currently being operated from Gatwick. The Gatwick office lease will not be renewed and expires in August 2017.

2. Route optimisation
   The rationalisation of the route network focussing on more profitable routes continued, with a number of loss making routes suspended during the year.

3. Re-fleeting to smaller aircraft (Embraer E145s/E190s)
   The process to remove the A319 aircraft from the fleet is well advanced. The estimated costs of early return for the two remaining aircraft and re-fleeting to a smaller capacity aircraft are circa US$4.0m. At the end of 2016 the Company operated two A319s, both on long term leases, and is currently negotiating an early release of these two aircraft. One A319 has already been taken out of service and there are

Notes to the Group financial statements

plans for the second A319 to be removed by the end of September 2017. The current fleet plan utilises a combination of both wet leases and dry leases throughout 2017.

The Directors have prepared detailed forecasts through to June 2018, based on the Stabilisation Plan. The key assumptions which form the basis of the forecast are:

Revenue

- Load factors reach 87% by end of Q2 2017, mainly driven by smaller aircraft capacity;
- Year on year passenger decrease of 14% for continued routes due to reduced capacity; and
- Average fare for continued routes slight decrease year on year.

Expenditure

- Gatwick office relocated to Johannesburg by August 2017. Salary savings associated with this move will be approximately 22%;
- Progressive replacement of the A319s by Embraer E190s/E145s. Fastjet currently only operates one A319 and has already begun to operate one of the E145 aircraft under the Solenta operational agreement. By October 2017 fastjet expects to operate two E190 dry leases in Tanzania and two E145 Solenta wet leases in Zimbabwe by August 2017.
- Costs relating to ground handling reduce by 15% due to smaller aircraft and renegotiation of agreements;
- Fuel cost assumed to reduce by 35% due to smaller aircraft and reduced routes operated. The oil price for 2017 will remain static;
- Flight crew costs reduced by 75% as a consequence of ceasing to employ expatriate pilots and the changes in routes and size of fleet operated;
- Removal of remaining two A319's by September 2017;
- Availability to use up to three wet-leased aircraft at a reduced ACMI rate as a result of the transaction entered into with Solenta. The ACMI cash element rate, as compared to current rates being charged, will be reduced by 33% due to an element of the lease being consideration for the shares issued to Solenta. One E145 is already in operation under this agreement, with an additional E145 expected to be utilised in Zimbabwe later this summer: and
- Repayment of Loan Notes to fastjet Aviation Limited to commence in July 2017. Repayment is due over 10 years in quarterly instalments at 4% per annum.

Other

- Exchange rates. Fastjet's cashflows are most exposed to movements in the Tanzanian shilling and the US dollar. In its forecasting Fastjet has assumed that the key exchange rates remain as at current levels.
- fastjet Aviation Limited (formerly Lonrho Aviation (BVI) Limited) has been issued with an order for a creditor appointed liquidator to be appointed under the Insolvency Act 2003 (British Virgin Islands). The Directors do not believe that there is recourse to fastjet Plc for any of the liabilities of fastjet Aviation Limited.

The Directors have also considered a number of risks in achieving these forecasts including *inter alia*:

- Not achieving forecast passenger numbers and load factors;
- Aviation fuel prices, which are currently not hedged, increase;
- Adverse currency exchange rate movements;
- Not achieving the cost reductions required to reach breakeven by Q4;
- Availability of aircraft with only three aircraft in the fleet; and
- Not achieving additional funding if required.

Notes to the Group financial statements

The Directors believe, on the basis of current financial projections and funds available, that the Group has sufficient resources to meet its operational needs until at least June 2018. It should be noted, however, that the headroom over available cash resources is minimal with forecasts showing headroom at its lowest in October 2017. The Directors have also prepared sensitised cash flow forecasts which indicate that the Group will need to raise additional funding if any of the following variances in assumptions arise. Specifically:

- Load factors not met by 5%; or
- Fare prices decrease by 2% year on year; or
- Fuel prices increase by 15% with no recovery in ticket prices, or
- Foreign exchange rate depreciation of Tanzanian shilling by 13% against the US dollar.

Should additional funds be required the Directors believe it will be necessary to request additional equity from existing and possibly new shareholders. As at the date of approval of these Financial Statements, no commitment has been made or received for any future financing and there can be no certainty that additional funding if required will ultimately be available.

In preparing these financial statements, the Directors continue to adopt the going concern basis, notwithstanding the possibility that further funding may be required and about which there is no certainty at the date of approval of these financial statements.

However, given the minimal headroom in the forecast, the matters described above represent material uncertainties that may cast significant doubt upon the Group's and the parent Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result if the basis of preparation proved inappropriate.

Restatement of prior year

The Angola CGU has now left the Group following the appointment of the Liquidator to fastjet Aviation Limited ("FAL"). The 2015 comparatives have therefore been restated to report the Angola CGU as a discontinued operation with other FAL companies (see Note 3).

Functional and presentational currencies

All amounts are presented in US dollars being the Group's presentational currency. This currency has been chosen, as the Group's principal expenses and product prices are denominated in dollars, due to the nature of operating in the aviation sector. All amounts are shown in round thousands (US$'000) except where indicated.
In preparing the financial statements of the individual companies, transactions denominated in foreign currencies are translated into the respective functional currency of the Group entities using the exchange rates prevailing at the dates of transactions.

Non-monetary assets and liabilities are translated at the historic rate. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period. Exchange differences arising on translating foreign cash balances are shown as finance income or expense. Exchange differences arising on the retranslation of non-monetary items carried at fair value in respect of which gains and losses are recognised directly in equity are also recognised directly in equity.

Notes to the Group financial statements

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing at the reporting date. Income and expense are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case weighted average rates are used. Exchange differences arising, if any, are classified in equity and are transferred to the Group's foreign currency translation reserve within equity. Such translation is recognised as income or as expense in the period in which the operation is disposed of.

Subsidiaries within the Group hold monetary intercompany balances for which settlement is neither planned nor likely to occur in the foreseeable future and thus are considered to be part of the Group's net investment in the relevant subsidiary. Due to the equity-like nature of these balances, any exchange differences arising on translation are recognised on consolidation directly into equity through the Consolidated Statement of Other Comprehensive Income, only being recognised in the Consolidated Income Statement on the disposal of the net investment.

New accounting standards, interpretations and amendments

The following standards, amendments and interpretations have been adopted for the first time in these financial statements, none of which had an impact on the consolidated financial statements:

- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11.
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 & IAS 38.
- Equity Method in Separate Financial Statements – Amendments to IAS 27.
- Annual Improvements to IFRSs – 2012-2014 Cycle.
- Amendments to IAS 1 Disclosure initiatives.
- IFRS 14 Regulatory Deferral Accounts.

Recent accounting developments

The following Adopted IFRSs have been issued but have not been applied by the Group in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- IFRS 9 Financial Instruments – It is expected that there are additional disclosure requirements.
- IFRS 15 Revenue from Contract with Customers - It is expected that there will be an impact on disclosures required but no material impact on reported revenues.
- Sale or Contribution of Assets between and Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28.
- IFRS 16 Leases - It is expected that a number of lease assets and liabilities will be added to the balance sheet on adoption of IFRS 16. The value has not yet been evaluated.
- Recognition of Deferred tax assets for unrealised losses –Amendments to IAS 12.
- Applying IFRS 9 Financial instruments IFRS4 Insurance contracts – Amendments to IFRS 4.
- Amendments to IAS 7 Disclosure initiatives.
- Clarification and measurement of share based payment transactions – Amendments to IFRS 2.

Basis of consolidation

The Group financial statements consolidate those of the Company and its subsidiary companies drawn up to 31 December 2016. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights

Notes to the Group financial statements

that are currently exercisable. The results of subsidiaries acquired or disposed of during the accounting period are including in the Group financial statements from/to the date of acquisition or disposal, respectively. The date of acquisition or disposal is the date from/to which the Company has control over the subsidiary.

Unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

The portion of a non-controlling interest is stated at the non-controlling interest's proportion of the fair values of the assets and liabilities recognised. Subsequently, losses applicable to the non-controlling interest in excess of the non-controlling interest in the subsidiary's equity are allocated against the interests of the Group where the non-controlling interest has a specific exemption from making an additional investment to cover the losses. Future profits attributable to the non-controlling interest are not recognised until the unrecognised losses have been extinguished.

Business combinations

The group accounts for the acquisition of subsidiaries and businesses using the purchase method. The cost of acquisition is measured at the aggregate of the fair values of assets given and equity instruments issued, plus any liabilities assumed. The acquired entities' assets, liabilities and contingent liabilities that meet the recognition criteria set out in IFRS 3 (Revised) are recognised at fair value.

Goodwill, being the excess of the cost of acquisition, as defined above, over the Group's interest in the net fair value of the assets, liabilities and contingent liabilities recognised.

The interest of non-controlling interests in the acquired entities is initially measured at the non-controlling party's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Discontinued and held for sale operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or has been abandoned, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation, the statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period. Discontinued operations are presented in the consolidated statement of comprehensive income as a single line which comprises the post-tax profit or loss of the discontinued operation along with the post-tax gain or loss recognised on the re-measurement to fair value less costs to sell or on disposal of the assets or disposal Groups constituting discontinued operations.

Held for sale operations are presented on the balance sheet on two lines, representing total assets and total associated liabilities.

Abandoned Operations

An abandoned operation is one for which trade has ceased but does not meet the definition of a discontinued operation.

Abandoned operations are presented on the balance sheet as components of Group business assets and associated liabilities.

Notes to the Group financial statements

Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and any provision for impairment. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Owned aircraft	- 20 years
Leasehold property	- term of the lease
Motor vehicles	- 4 years
Fixtures, fittings and office equipment	- 4 to 7 years
Plant and machinery	- 4 years

Aircraft

Residual values, where applicable, are reviewed annually against prevailing market rates at the balance sheet date for equivalently aged assets and depreciation rates adjusted accordingly on a prospective basis. The carrying value is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Aircraft purchased with some economic life expired are depreciated over the remaining economic life. Subsequent costs incurred which lend enhancement to future periods, such as long-term scheduled maintenance and major overhaul of aircraft and engines are capitalised and depreciated over the length of period benefiting from these enhancements. All other maintenance costs are charged to the income statement as incurred.

Other intangible assets

Intangible assets (other than goodwill) are recognised at cost less accumulated amortisation charges and any provision for impairment. Amortisation is charged on a straight-line basis, as follows:

Air Operator Certificates (AOCs)	- 10 years
Brand licence agreement	- 10 years
Computer Software	- 4 years

Impairment of assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets' or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

Impairment losses for cash-generating units reduce the recognised value of assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount. An impairment charge on the value of goodwill cannot be reversed in a subsequent period.

Notes to the Group financial statements

Leases

Operating leases

Rental charges on operating leases are charged to the income statement on a straight-line basis over the life of the lease. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the life of the respective asset.

Finance leases

Where the Group enters into a lease, which entails taking substantially all the risk and rewards or ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as property, plant and equipment, and is depreciated over the estimated useful life to the Group. The asset is recorded at the lower of its fair value, less accumulated depreciation, and the present value of the minimum lease payments at the inception of the finance lease. Future instalments under such leases, net of finance charges, are included as obligations under finance leases. Rental payments are apportioned between the finance element, which is charged to the income statement, and the capital element, which reduces the outstanding obligation for future instalments. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Leased aircraft maintenance provisions

The Group incurs liabilities for maintenance costs in respect of aircraft leased under operating leases during the term of the lease. These arise from the contractual obligations relating to the condition of the aircraft when it is returned to the lessor. To discharge these obligations, the Group will either need to compensate the lessor for the element of the life of the component or maintenance intervals used, or carry out the maintenance check before return of the aircraft to the lessor.

The provisions recorded and charged to the income statement are dependent on the life of the component or maintenance interval used and the individual terms of the lease.
No provision is recorded during the initial period of lease agreements where no compensation or maintenance is required prior to hand-back.

Where maintenance reserves are paid to Lessors the costs of such reserves are expensed as incurred. Where maintenance is provided under 'power by the hour' contracts and maintenance paid to maintenance providers to cover the cost of the work is deemed to be irrecoverable, these payments are expensed as incurred and maintenance provisions are reduced to reflect the fact that the Group has already paid for the related maintenance work. Maintenance deposits that are refundable are recorded as other receivables.

Estimates are required to establish the likely utilisation of the aircraft, the expected cost of a maintenance check at the time it is expected to occur, the condition of an aircraft and the lifespan of life-limited parts. The bases of

Notes to the Group financial statements

all estimates are reviewed once each year and also when information becomes available that is capable of causing a material change to an estimate, such as renegotiation of end of lease return conditions, increased or decreased utilisation, or unanticipated changes in the cost of heavy maintenance services.

Revenue

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding VAT (or overseas equivalent).

Revenue for the provision of air travel is recognised on the date of departure. Flights paid for in advance of the date of travel are recorded as deferred income and then recognised as revenue on the date of departure.

Ancillary fees such as baggage fees are also recognised on the date of departure. Ancillary fees such as flight alteration fees are recognised on the date incurred. Credit card payment fees are recognised on the date payment is made.

Pension costs

The Group has no pension scheme for Directors or employees. The Company is preparing to meet its obligations under the workplace pensions legislation in the UK.

Taxation

Current tax is the tax currently payable or receivable based on the result for the period.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Share-based payments

The Company operates equity-settled share-based remuneration plans for certain employees (including Directors) and has also issued share options to easyGroup Holdings Limited as part of the consideration for a brand licence agreement. Warrants are not considered to be a share based payment because they have been issued to shareholders in their capacity as shareholders such as typically accompanies a share placement.

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the Company's estimate of the number of shares that will vest.

Notes to the Group financial statements

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate to share premium.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, in the context of IFRS 8 "Operating segments", is considered to be the Board of Directors. The Board of Directors monitors the performance of business segments and makes decisions about the allocation of resources between those segments.

Financial instruments

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits.

Equity
Equity comprises the following:

- "Share capital" represents the nominal value of equity shares that have been issued.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Retained earnings" mostly comprise all current and prior period results as disclosed in the income statement as well as costs taken directly to equity.
- "Translation reserve" represents the cumulative amount of foreign exchange gains and losses recognised outside of retained earnings.
- "Reverse acquisition reserve" represents the balancing figure on combination of Rubicon and Lonrho's reserves in 2012.

Financial assets
All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. The Group has loans and receivables and other investments in these financial statements.

Loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement. Other investments are measured at fair value through other operating income.

Financial liabilities
Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual agreements entered into.

The Group's financial liabilities include finance leases, borrowings, and trade and other payables.

Loan notes are initially recognised at fair value, net of transaction costs, and are subsequently recorded at amortised cost using the effective interest method.

Other financial liabilities are initially recognised at fair value, net of transaction costs, and are subsequently recorded at amortised cost using the effective interest method.

Notes to the Group financial statements

Use of estimates and judgements

The preparation of financial statements in conformity with Adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates made by management in the application of Adopted IFRS that have significant effect on the financial statements with a significant risk of material adjustment in the next year are discussed in the following Notes:

- share based payments (Note 19). Modelling assumptions were that volatility remains per historical rates, interest rates used were per IFRS 2 implying a risk-free rate of 0.17% p.a. and dividend yields were assumed to follow historical rates. Should this assumption change there would be a resultant change to the charge to the loss reported. Share options granted during the period are valued at fair value using the Black-Scholes option pricing model. Changes to assumptions in volatility could create differences in charges to the profit and loss should the movement change materially to the historical volatility. It has been assumed that the historical volatility is appropriate and that the expected future share price will not differ from the past.
- impairment of aircraft and other intangibles (Note 9 and 10). Other intangible assets are stated at cost less accumulated amortisation, which is calculated to write off their cost, less estimated residual value, on a straight-line basis over their expected useful lives. Expected useful lives and residual values are reviewed annually. Valuation models include new routes and aircraft the company anticipates acquiring.
- estimated liabilities of fly 540 Angola (Note 3). Liabilities are carried forward from 31 December 2014 and have subsequently been included in the profit on disposal of discontinued operations. Should this determination prove incorrect there could be a resultant impact to the loss.

Judgements made by management in the application of Adopted IFRS that have significant effect on the financial statements are:

- the determination of the functional currencies of subsidiaries. Judgement is used within operating entities regarding use of functional currency. The functional currency which is considered appropriate is determined depending on the cost base and the revenue denomination of the entity.
- the determination of when an operation or asset becomes held for sale or discontinued (see Note 3).
- the determination of going concern reference note 1 above.

2. Segmental reporting

The Group's continuing business comprises that of airline services. That business operates across a number of different geographical territories, all within Africa. Accordingly, these geographical territories are the basis for the Company's segmental reporting disclosure.

The results of fastjet Plc head office and the Group's several holding companies are disclosed under the heading 'Central'.

The accounting policies of these segments are in line with those set out in Note 1.

Notes to the Group financial statements

Year ended 31 December 2016	**Tanzania US$'000**	**Zimbabwe US$'000**	**Central US$'000**	**Eliminate Inter-segment US$'000**	**Total US$'000**
External	59,169	9,369	-	-	68,538
Inter-segment	508	-	34,017	(34,525)	-
Total revenue	59,677	9,369	34,017	(34,525)	68,538
Operating loss excluding interest, tax, depreciation and amortisation	(43,094)	(14,454)	(5,210)	-	(62,758)
Finance income	-	-	30	-	30
Finance Charges	(1,670)	2	(680)	405	(1,943)
Depreciation and amortisation	(93)	(49)	(869)	-	(1,011)
Impairments	-	-	(141)	-	(141)
Tax	(175)	-	-	-	(175)
Net loss	(45,032)	(14,501)	(6,870)	405	(65,998)
Non-current assets	233	181	1,143	-	1,557

Year ended 31 December 2015	Tanzania US$'000	Zimbabwe US$'000	Central US$'000	Eliminate Inter-segment US$'000	Total US$'000
External	64,637	310	108	-	65,055
Inter-segment	-	-	22,374	(22,374)	-
Total revenue	64,637	310	22,482	(22,374)	65,055
Operating loss excluding interest, tax, depreciation and amortisation	(24,075)	(3,974)	(9,389)	-	(37,438)
Finance income	-	-	2,330	-	2,330
Finance charges	(78)	-	(195)	-	(273)
Depreciation and amortisation	(113)	(15)	(360)	-	(488)
Impairments	-	-	-	-	-
Tax	(194)	-	(159)		(353)
Net loss	(24,460)	(3,989)	(7,773)	-	(36,222)
Non-current assets	436	202	15,241	-	15,879

The Board monitors the performance of the business units and the overall group. It monitors loss after tax and its individual components and therefore these are disclosed above. Assets and liabilities are not reported by business unit. Central also includes start-up costs for fastjet Zambia for obtaining an AOC. This has subsequently been deferred as announced on 14 April 2016.

Notes to the Group financial statements

3. Discontinued operation and changes of control

In recent periods the Group has been exiting its legacy Fly 540 businesses. In H1 2015, the Fly 540 Ghana CGU was disposed of and has been accounted for within Discontinued Activities in 2015. On 6 June 2016 a court appointed liquidator was appointed over fastjet Aviation Limited (FAL) in accordance with the Insolvency Act 2003 (British Virgin Islands). On appointment of the liquidator, control over fastjet Aviation Limited passed to the liquidator. FAL is the intermediate parent company of the sub-group which included Fly 540 Angola. Consequently, FAL and subsidiaries including Fly 540 Angola CGU have been deconsolidated and disclosed as a discontinued business with the comparative results restated.

The profit from discontinued activities net of tax in the consolidated income statement comprises:

	12 months ended 31 December 2016 US$'000	12 months ended 31 December 2015 US$'000
Fly 540 Ghana CGU	-	19,371
Fastjet Aviation Ltd including Fly 540 Angola CGU	17,953	(5,090)
Profit from discontinued activities net of tax	17,953	14,281

The profit from discontinued activities arises on the removal of the net liabilities of the CGU from the Group.

Fly 540 Ghana

In June 2015, fastjet disposed of its interest in Fly 540 Ghana following which, its financial results; assets and liabilities are no longer consolidated into the fastjet Group's financial statements. The Fly 540 Ghana CGU is included within discontinued activities.

The profit and loss on the discontinued Fly 540 Ghana CGU on the Consolidated Income Statement can be analysed as follows:

	12 months ended 31 December 2016 US$'000	12 months ended 31 December 2015 US$'000
Revenue	-	-
Operating costs	-	-
Operating loss before exceptional items	-	-
Exceptional items – profit on disposal of aircraft	-	2,250
Exceptional items – impairment	-	(460)
Operating loss after exceptional items	-	1,790
Finance charge	-	(113)
Loss before tax	-	1,677
Profit on sale of Ghana operation	-	6,757
Transfer from Translation reserve	-	10,937
Profit for the period	-	19,371
Net cash flows attributable to investing activities	-	(4,356)

Fly 540 Angola

On 6 June 2016 a liquidator was appointed to Fastjet Aviation Limited, the intermediate parent company of the sub-group which included the Fly 540 Angola CGU. Upon this appointment, control has now been transferred to

Notes to the Group financial statements

the liquidator so the entity no longer forms part of the Group consolidated accounts with effect from this date. The Fly 540 Angola CGU now meets the definition of a discontinued business and the comparative results have been restated.

A further consequence of FAL sub-group no longer being consolidated is recognition of intercompany loans and balances. This includes US$10.3m unsecured loan notes issued by fastjet Airlines Limited (fastjet Tanzania) to FAL, together with accrued interest, which are shown within "non-current & Current liabilities" on the Group Balance Sheet as at 31 December 2016. Interest on these unsecured loan notes is accrued at 4% and the first instalment of the loan note repayment by fastjet Airlines Limited is due on 1 July 2017.

The effect of the disposal of individual assets and liabilities of fastjet Aviation Limited entity which includes the Fly 540 Angola CGU is as follows:

	Angola Operations	**Aircraft**	**Other fastjet Aviation Ltd entities**	**Total**
	US$,000	**US$,000**	**US$,000**	**US$,000**
Property, plant and equipment	-	4,719	-	4,719
Trade and other Receivables	1,364	-	940	2,304
Cash and cash equivalents	54	-	-	54
Bank overdrafts	(975)	-	-	(975)
Obligations under finance leases	-	(14,933)	-	(14,933)
Trade and other payables	(17,139)	-	(1,824)	(18,963)
Total	(16,696)	(10,214)	(884)	(27,794)

The profit and loss arising on the deemed disposal of the fastjet Aviation Limited entity which includes the Fly 540 Angola CGU can be analysed as follows:

	12 months ended 31 December 2016 US$'000	12 months ended 31 December 2015 US$'000
Revenue	-	-
Operating costs	(282)	(845)
Operating loss before exceptional items	(282)	(845)
Exceptional items – impairment	-	(3,560)
Operating loss after exceptional items	(282)	(4,405)
Finance charge	(527)	(685)
Loss Before Tax	(809)	(5,090)
Net liabilities no longer consolidated	27,794	-
Crystallisation of loan notes to fastjet Aviation Limited from fastjet Airlines Limited (see note 15)	(9,017)	-
Transfer from foreign exchange reserve	(15)	-
Profit/(loss) for the year	17,953	(5,090)
Net cash flows attributable to operations	-	-
Net cash flows attributable to investing	921	-
Net cash flows attributable to financing	-	-

Notes to the Group financial statements

fastjet Aviation Limited had provided legacy guarantees in respect of certain liabilities of Fly 540 Ghana and Fly 540 Angola that had not been discharged at 31 December 2016. However, the Directors do not believe that there is any recourse to fastjet Plc in respect of the original liabilities or by fastjet Aviation Limited in respect of its guarantee of them.

As fastjet Aviation Limited is no longer consolidated within the Group's financial statements loan notes issued by fastjet Airlines Limited (fastjet Tanzania) to fastjet Aviation Limited and the accrued interest, which had previously been eliminated on consolidation, become an external liability for fastjet Tanzania and therefore are classified as a current and non-current liability for fastjet Tanzania. The loan notes terms are for a period of 10 years and accrue interest annually at 4%. The first repayment is due on 1 July 2017.

4. Operating loss

Operating loss is stated after charging:		**2016 US$'000**	2015 (restated) US$'000
Operating lease costs			
	- Property	**700**	1,004
	- Aircraft	**16,565**	7,301
Onerous contract provision		**3,784**	-
Depreciation of property, plant and equipment			
	- Owned	**895**	417
	- Leased	**-**	649
Amortisation of intangible assets			
	- Other intangibles	**116**	71
Impairment of intangibles		**141**	-
Foreign exchange losses		**645**	1,013
Fees payable to the Company's auditor (and its network affiliates) for			
	- The audit of the Group's annual accounts	**208**	195
	- The audit of subsidiary companies' accounts	**48**	50
	- Other services	**-**	-
Share based payments		**665**	778

Notes to the Group financial statements

5. Employees

The average number of staff (including Directors) employed by the Group during the year amounted to:	**2016**	2015
Flight crew	**165**	100
Aircraft maintenance	**9**	5
Administration and management	**39**	31
Ground and flight operations	**42**	34
Sales and marketing	**36**	46
	291	216
Average staff employed in the discontinued operations (see Note 3)	-	-
Total	**291**	216

The aggregate payroll costs of the above were:	**Year ended 31 December 2016 US$'000**	Year ended 31 December 2015 US$'000
Wages and salaries	**19,451**	8,756
Social security costs	**1,685**	798
Share based payments (see Note 19)	**665**	778
	21,801	10,332
Staff costs in discontinued operations (see Note 3)	-	-
Total staff costs	**21,801**	10,332

The aggregate remuneration of the Directors in the year was:	**Year ended 31 December 2016 US$'000**	Year ended 31 December 2015 US$'000
Wages and salaries	**2,069**	1,755
Fees	**17**	208
Bonuses	-	-
Benefits	**35**	17
	2,121	1,980

The remuneration of the highest paid Director was US$631,000 (2015: US$589,000). The remuneration of the Directors can be found on page 23.

Notes to the Group financial statements

6. Finance income and expense

	Year ended 31 December 2016 US$'000	Year ended 31 December 2015 US$'000
Finance income		
Interest received on short term deposits	**30**	80
Foreign exchange impact on cash balances	-	2,250
	30	2,330
Finance expenses		
Foreign exchange impact on cash and loan balances	**946**	-
Loan note interest	**213**	-
Late payment charges	**393**	-
Other	**391**	273
	1,943	273

7. Tax

	Year ended 31 December 2016 US$'000	Year ended 31 December 2015 US$'000
Current tax expense:		
Current tax for the year	**175**	353
Adjustment to current tax in respect of previous years	-	-
	175	353
Deferred tax (credit) / expense:		
Origination and reversal of temporary differences	**-**	-
Reduction in tax rate	**-**	-
	-	-
Tax expense in income statement (excluding discontinued operations)	**175**	353
Tax from discontinued operations	-	-
Total tax expense	**175**	353

A reconciliation of the tax expense to the reported losses is given below:

	Year ended 31 December 2016 US$'000	Year ended 31 December 2015 US$'000
Loss from continuing operations before tax	**(65,823)**	(35,869)
Profit from discontinued operations before tax	**17,953**	14,281
Loss before tax	**(47,870)**	(21,588)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 20 % (2015: 20.25%)	**(9,574)**	(4,371)
Current year losses for which no deferred tax has been recognised	**16,605**	10,268
Tax losses not available for carry forward	**-**	1,069
Liquidation of fastjet Aviation BVI group	**(3,756)**	-
Profit on sale of Fly 540 Ghana	**-**	(3,885)

Notes to the Group financial statements

Foreign exchange not allowed	**37**	-
Income not chargeable to tax	**(88)**	-
Expenses not deductible for tax purposes	**1,997**	141
Utilisation of previously unrecognised losses	**(89)**	-
Overseas tax rates	**(5,132)**	(3,222)
Overseas turnover tax	**175**	194
Overseas capital gains tax	-	159
Total current tax charge (including tax on discontinued operations)	175	353

Expenses not deductible for tax purposes includes specific and general provisions disallowed for tax purposes until such time as the expenditure is incurred. Examples are fundraising costs and legal costs.

At 31 December 2016 the Group had accumulated tax losses of approximately US$169m (2015: US$117m) available for offset against future taxable trading profits. The ability to utilise these tax losses is uncertain in some jurisdictions and therefore the Directors consider it inappropriate to recognise this potential deferred tax asset until such time as the Group begins to generate taxable profits against which the losses will be utilised.

8. Loss per share

Loss per share is calculated by dividing the loss for the period attributable to equity shareholders in the Parent Company (as stated in the income statement) by the weighted average number of shares in issue during the period.

On 21 April 2015 the Company issued 1 new ordinary share of £1 for each 100 existing ordinary share held at that date following a share consolidation.

On 8 August 2016 the company issued 1 new ordinary share of 1p and 11 deferred shares of 9p for each existing ordinary share of £1 held on that date following a share reorganisation.

The weighted average number of shares in issue during the period, adjusted for the share reorganisation, was 78,338,107 (2015: 51,286,617). The loss for the purposes of basic earnings per share being the net loss attributable to the equity holders of the parent was US$65,998,000 for the continuing operations and a loss of US$2,485,000 for discontinued operations (2015 restated: US$36,222,000 loss continuing, US$14,281,000 profit discontinued).

The following table reconciles the allocation of the discontinued operations: -

		2016	
	Total	**Equity holders**	**NCI**
	US$'000	**US$'000**	**US$'000**
Profit from discontinued operations including Fly 540 Angola	17,953	11,633	6,320
Reallocation to clear NCI to US$ Nil on deconsolidation of Fly 540 Angola	-	(14,118)	14,118
Profit/(Loss) on discontinued operations attributable	17,953	(2,485)	20,438

The non-controlling interest (NCI) at Fly 540 Angola is 40%.

Notes to the Group financial statements

The options and warrants in issue have no dilutive effect in either period because the Group incurred a loss on continuing and discontinued activities in both years.

9. Intangible assets

	AOCs US$'000	Brands US$'000	Computer software US$'000	Total US$'000
Cost				
At 31 December 2014	5,462	11,764	390	17,616
Additions	-	-	226	226
Foreign exchange differences	-	-	(4)	(4)
At 31 December 2015	5,462	11,764	612	17,838
Additions	-	-	82	82
Disposals	-	-	(141)	(141)
Foreign exchange differences	-	-	-	-
At 31 December 2016	**5,462**	**11,764**	**553**	**17,779**
Amortisation and Impairment				
At 31 December 2014	5,462	11,764	55	17,281
Charge for the year	-	-	71	71
Foreign exchange differences	-	-	(1)	(1)
At 31 December 2015	5,462	11,764	125	17,351
Impairment	-	-	141	141
Disposals	-	-	(141)	(141)
Charge for the year	-	-	116	116
Foreign exchange differences	-	-	-	-
At 31 December 2016	**5,462**	**11,764**	**241**	**17,467**
Net carrying amount				
At 31 December 2016	**-**	**-**	**312**	**312**
At 31 December 2015	-	-	487	487
At 31 December 2014	-	-	335	335

Impairment testing

An impairment review was conducted in respect of the fastjet brand and the Tanzania Air Operators Certificate at 31 December 2014. This review concluded that the fastjet Tanzania CGU was, by itself, unable to generate the profitability required to support the previously stated valuation of these intangible assets. Accordingly, they were fully impaired in 2014 and the impairment remains appropriate at 31 December 2016.

Notes to the Group financial statements

10. Property, plant and equipment

	Fly 540 Angola CGU US$'000	Aircraft US$'000	Leasehold Property US$'000	Plant and machinery US$'000	Fixtures and equipment US$'000	Motor vehicles US$'000	Total US$'000
Cost							
At 31 December 2014	19,633	123	5	165	578	47	20,551
Additions	-	12,881	147	74	193	-	13,295
Disposals	-	-	-	-	-	-	-
Foreign exchange differences	-	(20)	(1)	-	(71)	(9)	(101)
At 31 December 2015	19,633	12,984	151	239	700	38	33,745
Additions	-	-	-	10	29	7	46
Disposals	(19,633)	(12,984)	(3)	-	(45)	-	(32,665)
Reclassification	-	-	-	(9)	9	-	-
Foreign exchange differences	-	-	-	-	3	-	3
At 31 December 2016	**-**	**-**	**148**	**240**	**696**	**45**	**1,129**
Depreciation and impairment							
At 31 December 2014	10,424	112	1	77	178	10	10,802
Charge for the year	649	227	14	53	113	10	1,066
Impairment for the year	3,560	-	-	-	-	-	3,560
Foreign exchange differences	-	(20)	-	1	-	(2)	(21)
At 31 December 2015	14,633	319	15	131	291	18	15,407
Charge for the year	282	681	28	54	123	9	1,177
Disposals	(14,915)	(1,000)	-	-	(5)	-	(15,920)
Foreign exchange differences	-	-	-	-	-	-	-
At 31 December 2016	**-**	**-**	**43**	**185**	**409**	**27**	**664**
Net carrying amount							
At 31 December 2016	**-**	**-**	**105**	**55**	**287**	**18**	**465**
At 31 December 2015	5,000	12,665	136	108	409	20	18,338
At 31 December 2014	9,209	11	4	88	400	37	9,749

Notes to the Group financial statements

11. Trade and other receivables

	31 December 2016 Total US$'000	31 December 2015 Total US$'000
Trade and other receivables due after more than one year:		
Other receivables	**780**	2,054
	780	2,054
Trade and other receivable due within one year:		
Trade receivables	**4,135**	2,502
Prepayments and accrued income	**1,618**	1,233
Other receivables	**5,082**	5,352
	10,835	9,087

Movement in allowance for doubtful debts

	Trade receivables US$'000
At 31 December 2015	651
Provision made during the year	611
At 31 December 2016	**1,262**

The ageing of trade receivables at the balance sheet date was:

	31 December 2016		31 December 2015	
	US$'000	**US$'000**	US$'000	US$'000
	Gross	**Impairment**	Gross	Impairment
Not past due	**2,455**	-	1,821	-
Past due (0-60 days)	**1,278**	-	-	-
More than 60 days	**1,664**	**(1,262)**	1,332	(651)
	5,397	**(1,262)**	3,153	(651)

All trade receivables are within fastjet Tanzania and fastjet Zimbabwe.

The average period taken on trade receivables is 21 days (2015: 13 days). No interest is charged on receivables.

Other receivables mainly comprise deposits for crew, fuel, engineering and other suppliers.

Notes to the Group financial statements

12. Trade and other payables

	31 December 2016 US$'000	31 December 2015 US$'000
Trade and other payables – non-current		
Other payables	**1,558**	1,786
	1,558	1,786

	31 December 2016 US$'000	31 December 2015 US$'000
Trade payables	**8,362**	15,237
Other taxation and social security	**4,225**	7,699
Other payables	**583**	4,995
Deferred income	**2,065**	2,834
Accruals	**10,609**	8,165
Maintenance reserves	**-**	10
	25,844	38,940

Non-current payables refer to the net present value of liabilities under the Brand Licence Agreement with easyGroup Holdings Limited. See Note 23 for further details.

13. Provisions

	31 December 2016 US$'000	31 December 2015 US$'000
Onerous Support agreements	**3,784**	-
	3,784	-

At 31 December 2016 the Group have provided for onerous maintenance contracts in Tanzania and Zimbabwe operations for aircraft that are not in service. The agreements expire in 2017 and 2018 respectively. The provision refers to the present value of the estimated costs under the contract that relate to the aircraft not in service. In arriving at estimated costs assumptions have been made about the timing of notice periods under the contracts.

Movement in provisions

	Provisions US$'000
At 31 December 2015	-
Provisions made during the year	3,784
At 31 December 2016	**3,784**

Notes to the Group financial statements

14. Cash and cash equivalents

	31 December 2016 US$'000	31 December 2015 US$'000
Bank balances	**3,607**	29,836
Bank balances held by Fly 540 Angola	-	54
Overdrafts held by Fly 540 Angola	-	(975)
Cash and cash equivalents in the consolidated balance sheet	**3,607**	28,915
Cash and cash equivalents in the statement of cash flows	**3,607**	28,915

15. Loans and other Borrowings

	31 December 2016 US$'000	31 December 2015 US$'000
Non-current		
4% loan notes issued by fastjet Airlines Limited	8,102	-
Current		
4% loan notes issued by fastjet Airlines Limited	1,127	-

Loan notes had been issued by fastjet Airlines Ltd (fastjet Tanzania) to fastjet Aviation Limited. As fastjet Aviation Limited is no longer consolidated within the Group's financial statements the loan notes issued by fastjet Airlines Limited and the accrued interest, which had previously been eliminated on consolidation, become an external liability for fastjet Tanzania and therefore are classified as current and non-current liabilities. The loan notes term is for a period of 10 years and accrue interest at the rate of 4% per annum. Repayments of principal and interest are made quarterly. On each repayment date falling after 1 July 2017 one–fortieth of the principal amount of notes is repayable. The first repayment is due on 1 July 2017 and the last repayment due on 1 April 2027. The loan notes have been recognised at fair value on initial recognition following the deconsolidation as detailed in note 3.

16. Finance lease obligations

31 December 2016	**Future minimum lease payments US$'000**	**Interest US$'000**	**Present value of future lease payments US$'000**
Less than one year	-	-	-
Two to five years	-	-	-
More than five years	-	-	-
Total	-	-	-

Notes to the Group financial statements

31 December 2015	Future minimum lease payments US$'000	Interest US$'000	Present value of future lease payments US$'000
Less than one year	-	-	-
Two to five years	-	-	-
More than five years	-	-	-
Fly 540 Angola leases – less than one year	5,163	1,660	6,823
Fly 540 Angola leases – two to five years	7,583	-	7,583
Total	12,746	1,660	14,406

Included in the analysis above is US$ nil (2015: US$14.4m) of finance lease obligations in relation to the aircraft in the Fly 540 Angola CGU which had been abandoned (see Note 3). The finance leases are secured over the Fly 540 Angola CGU aircraft asset and guaranteed by fastjet Aviation Limited. Fly 540 Angola and fastjet Aviation Ltd are deconsolidated as explained in note 3.

17. Share capital

	Number of ordinary shares £1.00 each '000	Number of ordinary shares £0.01 each '000	Number of deferred shares £0.01 each '000	Number of deferred shares £0.09 each '000	Share Capital GBP'000	Share capital US$'000
At 1 January 2015	-	1,642,210	9,313	305,247	43,987	69,850
Consolidation	16,422	(1,642,210)	-	-	-	-
Issued for cash	50,000	-	-	-	50,000	75,073
At 31 December 2015	66,422	-	9,313	305,247	93,987	144,923
Consolidation	(66,422)	66,422	-	730,643	-	-
Warrants exercised	-	2	-	-	-	-
Issued for cash		30,326	-	-	303	401
At 31 December 2016	-	96,750	9,313	1,035,890	94,290	145,324

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The deferred shares have no significant rights attached.

All issued shares are fully paid.

On 21 April 2015, the Company's existing ordinary shares of 1 pence each were consolidated into new ordinary shares on the basis of one new ordinary share of £1 each for every 100 existing ordinary shares.

On 22 April 2015, 50,000,000 new ordinary shares of £1 each were issued at £1 per share by way of a placing to new and existing institutional and other investors and fastjet management, raising gross proceeds of £50 million.

On 8 August 2016, the Company's existing ordinary shares of £1 each were reorganised into new ordinary shares on the basis of one new ordinary share of 1 pence each and 11 deferred shares of 9 pence each for every existing ordinary share of £1 each.

On 8 August 2016, 30,000,000 new ordinary shares of 1 pence each were issued at 50 pence per share by way

Notes to the Group financial statements

of a placing to new and existing institutional raising gross proceeds of £15m (US$19.006m after expenses).

On 8 August 2016, 325,508 new ordinary shares of 1 pence each were issued at 50 pence per share by way of an open offer to existing shareholders raising gross proceeds of £0.163m (US$0.214 after expenses)

Between 27 October 2016 and 4 November 2016 2,679 share warrants were exercised at 31.5 pence per share.

In aggregate issues of shares raised proceeds net of expenses of US$19.221m (2015: US$71.918m)

Share warrants were issued during the year in connection with the share placing and open offer on 8 August 2016. The warrants were issued on the basis of 1 warrant share for every new ordinary share subscribed exercisable at a subscription price of 31.5 pence per share. The warrants are exercisable at any time until the lapse date and if not exercised prior to that date shall lapse.

Reconciliation of outstanding share warrants

The number and weighted average prices of warrants are as follows:

	31 December 2016		31 December 2015	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
Outstanding at beginning of the year	1,102,891	£7.04	166,827	£44.99
Granted	30,325,508	£0.315	279,275	£1.60
Granted	-	-	675,838	£1.00
Exercised	(2,679)	£0.315	-	-
Lapsed	(147,778)	£44.98	(19,049)	£34.56
Outstanding at end of the year	31,277,942	£0.34	1,102,891	£7.04

18. Subsidiaries

The Company holds ordinary shares in the following subsidiary companies. All subsidiaries are included in the consolidated financial statements.

			Voting rights held		**Non-controlling interest**	
Name	**Country of Incorporation**	**Activity**	**2016**	2015	**2016**	2015
Fastjet Airlines Limited (*formerly Fly 540 (T) Limited*)	Tanzania	Airline Services	49%	49%	-	-
Fastjet Leasing PCC Limited	Guernsey	Leasing	100%	100%	-	-
Fastjet Holdings (Guernsey) Limited	Guernsey	Holding Company	100%	100%	-	-
Fastjet SPV 1 Limited	United Kingdom	Leasing	100%	100%	-	-
Fastjet SPV SA Two (Pty) Limited	South Africa	Leasing	50%	50%	-	-
Fastjet Air TZ (BVI) Limited	British Virgin Islands	Holding Company	100%	100%	-	-
Fastjet Leasing UK Limited	United Kingdom	Leasing	100%	100%	-	-
Fastjet Zambia Limited	Zambia	Airline Services	49.5%	49.5%	-	-
Fastjet Zimbabwe Limited	Zimbabwe	Airline Services	49%	49%	-	-
Fastjet Travel Ltd	United Kingdom	Dormant	100%	100%	-	-

Notes to the Group financial statements

FJET South Africa (RF) (Pty) Limited	South Africa	Leasing	50%	50%	-	-
Fastjet Kenya Limited	Kenya	Airline Services	49%	49%	-	-
Fastjet Mauritius K Limited	Mauritius	Holding Company	100%	100%	-	-
Fastjet Mauritius T Limited	Mauritius	Dormant	100%	100%	-	-
Africa Flight Services Limited	Guernsey	Leasing	100%	100%	-	-
Fastjet Africa Limited	South Africa	Airline Management Services	100%	-	-	-
Fastjet Aviation Limited (*formerly Lonrho Aviation (B.V.I.) Limited*)	British Virgin Islands	Aviation Holding	-	100%	-	-
Fastjet Air Limited* (*formerly Lonrho Air (B.V.I.) Limited*)	British Virgin Islands	Airline Services	-	100%	-	-
Fastjet Air Africa Limited* (*formerly Lonrho Air Africa (B.V.I.)*	British Virgin Islands	Airline Services	-	100%	-	-
Fly 540 Sociedade de Aviacao Civil S.A.*	Angola	Airline Services	-	60%	-	40%
Fastjet Air Two Limited* (*formerly Lonrho Air (2) (B.V.I.) Limited*)	British Virgin Islands	Airline Services	-	100%	-	-
Fastjet Air Three Limited* (*formerly Lonrho Air (Three) (B.V.I.) Limited*)	British Virgin Islands	Airline Services	-	100%	-	-
Fastjet Air Four Limited (*formerly Lonrho Air (4) Limited*)	Mauritius	Leasing	-	100%	-	-

*Subsidiaries of fastjet Aviation Limited.

The registered office of all companies incorporated in the UK is 6th Floor. 60 Gracechurch Street, London EC3V 0HR

The registered office of all companies incorporated in Guernsey is PO Box 285 Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey GY1 4LX.

The registered office of all companies incorporated in Tanzania is Tenwest, 2nd Floor, 10 Vinguguti, Nyerere Road, Dar Es Salaam, Tanzania.

The registered office of all companies incorporated in Mauritius is 10th Floor, Raffle Tower, 19 Cyber City, Ebene, Mauritius.

The registered office of Fastjet SPV SA Two (Pty) Limited and FJET South Africa (RF) (Pty) is 39 Smuts Avenue. Parktown, Johannesburg, Gauteng, South Africa 2193.

The registered office of fastjet Kenya Limited is c/o Axis Kenya, 2nd Floor, Apollo Centre. Nairobi, Kenya

The registered office of Fastjet Zimbabwe Limited is Harare International Airport, Harare, Zimbabwe

The registered office of fastjet Zambia Limited is 3rd Floor, Mpile Office Park, 74 Independence Avenue, Lusaka, Zambia.

The register office of Fastjet Africa Limited is 323 Lynwood Road, Menlo Park 0081, Johannesburg, Gauteng, South Africa

All subsidiaries of the Group are shown above.

Notes to the Group financial statements

fastjet Airlines Limited

In 2014 the Group announced it had signed an agreement to enable Tanzanian participation in the ownership of fastjet Airlines Limited ("fastjet Tanzania").

On 15 May 2014, the unpaid share capital in the fastjet Tanzania business was forfeited which effectively increased the Group's holding to 100% of the issued share capital. This led to a transfer of loss from non-controlling interests to the reserves attributable to equity holders of fastjet Plc.

fastjet Plc and fastjet Tanzania then entered into an agreement with Enterprise Growth Market Advisors Limited ("EGMA") for the purpose of selling an interest in fastjet Tanzania to Tanzanian investors. As part of that agreement, fastjet Tanzania issued 835 shares in its share capital (the "Tanzania Shares") to fastjet International Limited, a company incorporated in Tanzania ("fastjet Holdco"), which in turn is owned by four Tanzanian nationals (the "Tanzania Shareholders"). fastjet Tanzania also issued a further 17 shares in fastjet Tanzania to each of Ami Mpungwe and Lawrence Masha, the two Tanzanian Non-Executive Directors of fastjet Tanzania, being 34 shares in total and representing 2% of its enlarged share capital. The issue of these shares, which were issued nil paid, brings the total Tanzanian legal ownership of fastjet Tanzania to 51%.

Under the terms of the arrangement, the Tanzania Shareholders have agreed to sell their interest in fastjet Holdco and/or fastjet Tanzania to such Tanzanian investors at such price and on such terms as may be specified by fastjet Plc. Each of the Tanzania Shares (and the shares in fastjet Holdco) which has not been transferred by the Tanzanian Shareholder to a subsequent Tanzanian Investor is at all times subject to a call option in favour of fastjet Plc for the sum of US$0.01 for each of the Tanzania Shares.

As a consequence of these changes fastjet Tanzania is expected to benefit from entry into new markets and have greater access to more international African destinations through the various Bilateral Air Service Agreements to which Tanzania is a party.

Fastjet Airlines Limited is consolidated as a subsidiary in these financial statements. Although the group holds only 49% of the voting rights in the entity, it controls its management, operations and distributions through the aforementioned call options and contractual agreements as well as its shareholding. Consequently there is no adjustment for non-controlling interests.

fastjet Zimbabwe Limited, fastjet Zambia Limited, fastjet Kenya Limited, FJET South Africa (RF) (Pty) Limited and fastjet SPV SA Two (Pty) Limited.

During the year ended 31 December 2015 the share capital in fastjet Zimbabwe Limited, fastjet Zambia Limited and fastjet Kenya Limited were reorganised to enable shares to be issued to Holding companies incorporated in the respective countries which in turn are owned by Individuals who are nationals in those countries. The issue of shares, which were issued Nil paid, brings the national ownership by virtue of the individual shareholdings to greater than 50% ownership in each country.

FJET South Africa (RF) (Pty) Limited and fastjet SA Two (Pty) Limited were incorporated in South Africa with 50% of shares, which were issued Nil paid, issued to Companies owned by individuals who are nationals in that country.

fastjet Zimbabwe Limited, fastjet Zambia Limited, fastjet Kenya Limited, FJET South Africa (RF) (Pty) Limited and fastjet SPV SA Two (Pty) Limited are consolidated as subsidiaries in these financial statements. Although the Group holds 50% or less of the voting rights in each entity, it controls the management, operations and distributions through contractual agreements as well as its shareholding. Consequently there is no adjustment for non-controlling interests.

Notes to the Group financial statements

Fly 540 Sociedade de Aviacao Civil S.A.

In the year ended 31 December 2015 the Group had a 40% non-controlling interest in respect of Fly 540 Sociedade de Aviacao Civil S.A. ("Fly 540 Angola"). Control was lost on the appointment of a Liquidator to fastjet Aviation Limited on 6 June 2016. Consequently the results of Fly 540 Angola are disclosed as a discontinued business as set out in in Note 3.

fastjet Air Four Limited

The shares in Fastjet Air Four Limited are held by an orphan trust registered in Mauritius. Whilst Fastjet Air Four Limited is not a subsidiary of Fastjet Aviation Limited it is managed under an agreement to which Fastjet Aviation Limited is a party. Under the management agreement, Fastjet Air Four Limited must meet its obligations under the financing arrangements and Fastjet Aviation Limited agrees to ensure that Fastjet Air Four Limited is in funds to meet its obligations. In addition, Fastjet Aviation Limited can terminate the agreement on 60 days' notice giving it an element of control of Fastjet Air Four Limited and its operation. For this reason the Group had consolidated its interest in that company. On 6 June 2016 a Liquidator was appointed to Fastjet Aviation Limited resulting in control being lost and the Group's interest ceased to be consolidated. (see note 3)

Losses attributable to non-controlling interests

	Fly 540 Ghana US$'000	Fly 540 Angola US$'000	Total US$'000
As at 31 December 2014	2,593	20,438	23,031
Share of losses for year	-	-	-
Transfer to retained earnings	(2,593)	-	(2,593)
As at 31 December 2015	-	20,438	20,438
Share of profit on disposal	-	(20,438)	(20,438)
As at 31 December 2016	-	-	-

The transfers of losses to retained earnings in 2015 follow a transfer to the Company of shares held by the non-controlling interest or forfeiture of shares.

19. Share based payments

Share options have been issued to Directors and employees as part of their remuneration and incentive packages, and also to easyGroup Holdings as part of the consideration for the brand licence agreement in 2012.

The terms and conditions related to the grants of the share options are as follows; all options are to be settled by physical delivery of shares.

Notes to the Group financial statements

Grant date of Options granted to Directors	Number of options granted*	Vesting Conditions	Contractual life of options**
On 13 June 2012	6,000	Completing reverse take over	13.06.12 to 13.06.22
On 13 June 2012	80,000	20 million passengers in proceeding 12 months	13.06.12 to 13.06.17
On 27 July 2012	20,000	20 million passengers in proceeding 12 months	27.07.12 to 27.07.17
On 27 July 2012	5,000	6 million passengers in proceeding 12 months	27.07.12 to 27.07.17
On 27 July 2012	5,000	12 countries under fastjet brand	27.07.12 to 27.07.17
On 27 July 2012	5,000	US$10m EBITDA in proceeding 12 months	27.07.12 to 27.07.17
On 27 July 2012	5,000	Volume weighted average ordinary share price is greater than £6.00 for 60 day period	27.07.12 to 27.07.17
Options granted for the Brand Licence on 2 August 2012	207,395	None	02.08.12 to 02.08.16
Options granted to Directors and employees on 1 April 2015	3,256,811	None	01.04.15 to 01.04.25
Options granted to Directors on 15 August 2016	1,922,607	None	15.08.16 to 15.08.26

In accordance with IFRS 2 "Share based payments" share options granted or re-priced during the period have been measured at fair value. The fair value of the options granted has been estimated at the date of grant using the Black-Scholes option pricing model.

*The number of options and vesting conditions has been adjusted following the share consolidation on 21 April 2015.

**Options granted to certain directors were renounced on 1 April 2015.

	Date of grant				
	13 June 2012	27 July 2012	2 August 2012	1 April 2015	15 August 2016
Share price (Adjusted)	£3.05	£3.98	£3.98	£1.025	£0.2545
Exercise price (Adjusted)	£5.00	£5.00	£5.00	£1.025	£0.315
Expected volatility	50%	50%	50%	77.27%	110.73%
Expected life	2.5 years	5 years	2 years	3 years	5 years
Expected dividends	0	0	0	0	0
Risk-free interest rate	2%	2%	2%	0.65%	0.17%

The options granted on 13 June 2012 in respect of the completion of the reverse takeover have vested.
The options granted on 2 August 2012 to easyGroup in respect of the Brand licence have lapsed.

Notes to the Group financial statements

Reconciliation of outstanding share options
The number and weighted average prices of options are as follows:

	31 December 2016		31 December 2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of the year	3,527,206	£4.86	333,770	£50.53
Renounced	-	-	(63,375)	£48.16
Granted	1,922,607	£0.315	3,256,811	£1.02
Lapsed	(630,002)	£17.81	-	-
Outstanding at end of the year	4,819,811	£1.357	3,527,206	£4.86

Options and average prices have been adjusted following the share consolidation on 21 April 2015.

The share options outstanding at 31 December 2016 have an exercise price in the range of £0.315 to £50.00 (2015: £1.025 to £52.00) and a weighted average contractual life of 8.7 years (2015: 8.7 years).

Expense recognised in the profit or loss

	Year ended 31 December 2016 US$'000	Year ended 31 December 2015 US$'000
Total expense recognised for equity-settled share based payments	**665**	778

20. Financial instruments

The Group's principal financial instruments comprise equity shares, cash and cash equivalents, finance leases and borrowings. The purpose of these financial instruments is to finance the Group's operations. The Group has other financial assets and liabilities that arise directly from its operations, such as trade and other receivables and payables.

The Group does not enter into derivative transactions such as forward foreign currency contracts.

The main risks arising from the Group's financial instruments are currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's and Company's short, medium and long term funding and liquidity management requirements. The Group and Company manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Market risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return.

Notes to the Group financial statements

Foreign currency exchange risk management

The Group operates in several African currencies and so is exposed to some exchange rate risk. There is a fair degree of natural hedging in that the operating subsidiaries generate revenues and costs in the same currencies, however exchange variances do occur when the local entities are translated to the functional Group currency upon consolidation. Further exchange exposure arises from the Group's financing (in particular share issues) being largely denominated in Sterling.

Fuel price risk management

Aviation fuel is purchased on the open market from recognised global suppliers. However aviation fuel prices can be highly volatile. In 2015 the Group entered into forward fuel price contracts to secure the price of a significant proportion of fuel purchases up to 31 March 2016.

Interest rate risk management

Loan notes are at fixed rates of interest. By fixing the interest rate volatility is removed from market interest rate fluctuations. The loan notes have been initially recorded at fair value on crystallisation as detailed in note 3. At the year-end there is not a material difference between fair value and carrying value. The Group will review the interest rate risk if a difference does arise in the future.

Credit risk management

The Group's credit risk is limited because it is not exposed to a high level of trade or other receivables, in large part because customers typically pay for flights prior to departure. Credit risk in relation to cash and cash equivalents is managed by the use of various banks, all of which are considered to be of high credit worthiness. The doubtful debt provision disclosed in Note 11 is in relation to travel agents in Tanzania.

Capital management

The Board's policy for the Group and Company is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future developments of the business.

The Group's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the level of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

During the year the Group utilised equity financing facilities and share placements.

Carrying value and fair value of financial assets and liabilities

The fair value of financial assets and liabilities, together with their carrying value at each reporting date are as follows:

Notes to the Group financial statements

At 31 December 2016	Amortised cost loans and receivables US$'000	Amortised cost financial liabilities US$'000	Fly 540 Angola CGU US$'000	Other (see Note) US$'000	Carrying value US$'000	Fair value US$'000
Trade and other receivables	9,996	-	-	1,619	11,615	11,615
Cash and cash equivalents	3,607	-	-	-	3,607	3,607
Trade and other payables	-	(25,337)	-	(2,065)	(27,402)	(27,402)
Provisions	-	-	-	(3,784)	(3,784)	(3,784)
Loans and borrowings	-	(9,229)	-	-	(9,229)	(9,229)
Obligations under finance leases	-	-	-	-	-	-
Tax liability	-	-	-	(482)	(482)	(482)

At 31 December 2015	Amortised cost loans and receivables US$'000	Amortised cost financial liabilities US$'000	Fly 540 Angola CGU US$'000	Other (see Note) US$'000	Carrying value US$'000	Fair value US$'000
Trade and other receivables	8,544	-	1,364	1,233	11,141	11,141
Cash and cash equivalents	29,836	-	54	-	29,890	29,890
Obligations under finance leases	-	-	(14,406)	-	(14,406)	(14,406)
Trade and other payables	-	(20,811)	(17,081)	(2,834)	(40,726)	(40,726)
Tax liability	-	-	-	(308)	(308)	(308)
Overdraft	-	-	(975)	-	(975)	(975)

Note: Amounts included in the "other" column are not "financial instruments" but are included to facilitate reconciliation of the carrying value of financial instruments with the statement of financial position

Liquidity risk

The following are the contractual maturities of financial liabilities including estimated interest payments and including the effects of netting agreements:

At 31 December 2016	Carrying amount US$'000	Contractual cash flows US$'000	One year or less US$'000	One to two years US$'000	Two to five years US$'000	Five years and over US$'000
Trade payables	8,362	8,362	8,362	-	-	-
Other payables	8,431	9,127	6,919	500	1,500	208
Loans and borrowings	9,229	13,052	1,442	1,396	3,942	6,272
Tax liability	482	482	482	-	-	-
Total	26,504	31,023	17,205	1,896	5,442	6,480

Notes to the Group financial statements

At 31 December 2015	Carrying amount US$'000	Contractual cash flows US$'000	One year or less US$'000	One to two years US$'000	Two to five years US$'000	Five years and over US$'000
Trade payables	3,911	3,911	3,911	-	-	-
Other payables	11,894	12,863	10,155	500	1,500	708
Tax liability	308	308	308	-	-	-
Payables due by Fly540 Angola	16,746	16,746	16,746	-	-	
Total	32,859	33,828	31,120	500	1,500	708

The liabilities in respect of aircraft leases for the Fly 540 Angola operation are not included. There is no recourse to the Company in respect of these liabilities, more fully explained in Note 3.

Interest rate risk

The interest profile of financial liabilities was as follows:

At 31 December 2016	Loans and borrowings US$'000	Finance Leases US$'000	Overdraft US$'000	Other financial liabilities US$'000	Total US$'000
Variable Interest	-	-	-	-	-
Fixed interest	9,229	-	-	-	9,229
Total	9,229	-	-	-	9,229

At 31 December 2015	Loans and borrowings US$'000	Finance Leases US$'000	Overdraft US$'000	Other financial liabilities US$'000	Total US$'000
Variable Interest	-	-	975	-	975
Fixed interest	-	-	-	-	-
Total	-	-	975	-	975

Currency risk

Details of the Group's exposure to currency risk are detailed below. The financial assets and liabilities by currency (converted into US$) are as follows:

At 31 December 2016	**Monetary assets US$'000**	**Monetary liabilities US$'000**
Sterling	811	999
US Dollars	7,715	28,778
Tanzanian Shilling	4,890	9,840
Zambian Kwacha	77	3
South African Rand	85	1,028
Euro	11	138
Other	15	111
	13,604	40,897

Notes to the Group financial statements

At 31 December 2015	Monetary assets US$'000	Monetary liabilities US$'000
Sterling	1,160	1,252
US Dollars	33,521	7,334
Tanzanian Shilling	2,066	15,014
Zambian Kwacha	386	7
South African Rand	658	110
Euro	248	178
Other	341	1
	38,380	23,896
Monetary assets and liabilities held by Fly 540 Angola	1,418	17,139
	39,798	41,035

The monetary liabilities in respect of aircraft leases for the Fly 540 Angola operation are not included. It is not the intention of the company to settle the liabilities of the Fly 540 Angola operation.

No formal policies have been put in place in order to hedge the Group's activities from exposure to currency risk, but it is the Group's policy to ensure that individual Group entities enter into local transactions in their functional currency wherever possible. The Group considers this minimises any foreign exchange exposure. The Group and the Company's cash balances are maintained in a number of currencies, matched to the expected currency of outflows and this further reduces exposure to exchange risk.

The management regularly monitor the currency profile of the Group's cash balances, and obtains informal advice to ensure that the cash balances are held in currencies minimising the impact on the results and position of the Group from foreign exchange movements.

The impact of a 10% weakening of the US$ exchange rate at 31 December 2016 on net monetary liabilities would be an increase in losses before tax of US$ 0.5m for the year ended 31 December 2016.

21. Operating lease commitments

At the reporting date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

At 31 December 2016	**Aircraft US$'000**	**Property US$'000**	**Total US$'000**
Less than one year	3,120	324	3,444
One to five years	10,090	229	10,319
More than five years	-	-	-
	13,210	553	13,763

At 31 December 2015	Aircraft US$'000	Property US$'000	Total US$'000
Less than one year	8,087	731	8,818
One to five years	19,938	503	20,441
More than five years	1,988	-	1,988
	30,013	1,234	31,247

Notes to the Group financial statements

22. Contingent liabilities

No contingent liabilities existed at 31 December 2016 or 31 December 2015.

23. Related Parties

The Group has related party relationships with its subsidiaries (see Note 18).

The Company licences the fastjet brand from easyGroup Holdings Limited ("easyGroup") under a 10 year Brand Licence Agreement dated 3 May 2012 (the "Agreement"). easyGroup held less than 3% of the issued share capital of the Company at 30 May 2017.

The Agreement provides for an annual royalty payment of 0.5% of total revenue, subject to a minimum royalty payment of US$500,000 per annum. The royalty payments are indexed annually in accordance with US CPI. The present value of the minimum royalty payments was capitalised as a component of brand licence costs.

The amounts payable to easyGroup for the period were US$0.52m (2015: US$0.52m).

At the year end the outstanding liability to easyGroup was US$ nil (2015: US$ nil).

Transactions with subsidiaries

Transactions with Group companies have been eliminated on consolidation and are not disclosed in this note.

24. Events after the balance sheet date

On 5 January 2017 the Company announced that it had entered into an agreement with Solenta Aviation Holdings Limited ('Solenta'), a specialist African aviation aircraft operator and aircraft services group, based in Johannesburg, South Africa, for the provision and operation of three wet-leased aircraft and supply of other services over the next five years. In conjunction with this the Company also announced that it had conditionally raised US$28.8m (before expenses) by way of a placing with institutional and other shareholders of 143,449,794 Placing shares at 16.3 pence per Placing Share.

Under the terms of the Solenta agreement, Solenta agreed to recognise US$19.2m of the aggregate total expected cost of the three, five year wet-leases as being satisfied immediately upon completion through the issue of 95,633,199 Consideration shares. On admission Solenta became a 28% shareholder in the Company. On 23 January 2017 the Company announced that at the general meeting of the Company held to approve, inter alia, certain matters necessary to implement the Placing, all resolutions put to shareholders were duly passed.

Parent Company balance sheet

	Note	**31 December 2016 US$'000**	31 December 2015 US$'000
Assets			
Investments		**-**	-
Intangible assets		**305**	339
Fixed assets		**53**	109
		358	448
Current assets			
Cash at bank and in hand		**1,615**	28,767
Debtors		**3,414**	3,175
		5,029	31,942
Creditors: amounts falling due within one year		**(3,182)**	(2,507)
Net current assets		**1,847**	29,435
Total assets less current liabilities		**2,205**	29,883
Creditors: amounts falling due after more than one year		**(1,558)**	(1,786)
Net assets		**647**	28,097
Capital and reserves			
Called up equity share capital		**145,324**	144,923
Share premium account		**127,185**	108,366
Profit and loss account		**(271,862)**	(225,192)
Shareholders' funds		**647**	28,097

These financial statements were approved and authorised for issue by the Directors on 30 May 2017 and are signed on their behalf by:

Nico Bezuidenhout
Chief Executive Officer

Parent Company statement of changes in equity

	Share Capital US$'000	Share premium US$'000	Retained earnings US$'000	Total equity US$'000
Balance at 31 December 2014	**69,850**	**108,366**	**(175,298)**	**2,918**
Shares issued	75,073	-	(3,155)	71,918
Share based payments	-	-	778	778
Transactions with owners	75,073	-	(2,377)	72,696
Loss for the year	-	-	(47,517)	(47,517)
Balance at 31 December 2015	**144,923**	**108,366**	**(225,192)**	**28,097**
Shares issued	401	18,819	-	19,220
Share based payments	-	-	665	665
Transactions with owners	401	18,819	665	19,885
Loss for the year	-	-	(47,335)	(47,335)
Balance at 31 December 2016	**145,324**	**127,185**	**(271,862)**	**647**

Notes to the Parent Company financial statements

1. Accounting policies

fastjet Plc (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 have been applied. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

Under section s408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 2.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

The Group's cash balance at 30 April 2017 was US$12.9m reflecting the benefit of the January 2017 equity placing of US$28.8m before expenses offset by high operating costs and creditor reductions. This cash balance included US$2.0m which is only available for use within Zimbabwe. The Group does not have any debt facilities other than a US$10.3m loan note in respect of fastjet Aviation Limited (see note 3).

Notes to the Parent Company financial statements

There are risks associated with operating in Africa including but not limited to political, judicial, administrative, fiscal or other regulatory matters. Many countries in Africa, including those in which the Group currently operates may in the future experience severe socio-economic hardship and political instability, including political unrest and government change.

The commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business which may be susceptible to delay, revision or cancellation, as a result of which legal redress may be uncertain or delayed.

The Company is implementing a Stabilisation Plan. This process commenced in September 2016 and involves the following key aspects:

1. Relocation of the Gatwick office to Johannesburg
   Various functions have been relocated to Johannesburg, namely Finance, Commercial and Marketing. The Group Operations and Engineering functions are currently being operated from Gatwick. The Gatwick office lease will not be renewed and expires in August 2017.

2. Route optimisation
   The rationalisation of the route network focussing on more profitable routes continued, with a number of loss making routes suspended during the year.

3. Re-fleeting to smaller aircraft (Embraer E145s/E190s)
   The process to remove the A319 aircraft from the fleet is well advanced. The estimated costs of early return for the two remaining aircraft and re-fleeting to a smaller capacity aircraft are circa US$4.0m. At the end of 2016 the Company operated two A319s, both on long term leases, and is currently negotiating an early release of these two aircraft. One A319 has already been taken out of service and there are plans for the second A319 to be removed by the end of September 2017. The current fleet plan utilises a combination of both wet leases and dry leases throughout 2017.

The Directors have prepared detailed forecasts through to June 2018, based on the Stabilisation Plan. The key assumptions which form the basis of the forecast are:

Revenue

- Load factors reach 87% by end of Q2 2017, mainly driven by smaller aircraft capacity;
- Year on year passenger decrease of 14% for continued routes due to reduced capacity; and
- Average fare for continued routes slight decrease year on year.

Expenditure

- Gatwick office relocated to Johannesburg by August 2017. Salary savings associated with this move will be approximately 22%;
- Progressive replacement of the A319s by Embraer E190s/E145s. Fastjet currently only operates one A319 and has already begun to operate one of the E145 aircraft under the Solenta operational agreement. By October 2017 fastjet expects to operate two E190 dry leases in Tanzania and two E145 Solenta wet leases in Zimbabwe by August 2017.
- Costs relating to ground handling reduce by 15% due to smaller aircraft and renegotiation of agreements;
- Fuel cost assumed to reduce by 35% due to smaller aircraft and reduced routes operated. The oil price for 2017 will remain static;

Notes to the Parent Company financial statements

- Flight crew costs reduced by 75% as a consequence of ceasing to employ expatriate pilots and the changes in routes and size of fleet operated;
- Removal of remaining two A319's by September 2017;
- Availability to use up to three wet-leased aircraft at a reduced ACMI rate as a result of the transaction entered into with Solenta. The ACMI cash element rate, as compared to current rates being charged, will be reduced by 33% due to an element of the lease being consideration for the shares issued to Solenta. One E145 is already in operation under this agreement, with an additional E145 expected to be utilised in Zimbabwe later this summer: and
- Repayment of Loan Notes to fastjet Aviation Limited to commence in July 2017. Repayment is due over 10 years in quarterly instalments at 4% per annum.

Other

- Exchange rates. Fastjet's cashflows are most exposed to movements in the Tanzanian shilling and the US dollar. In its forecasting Fastjet has assumed that the key exchange rates remain as at current levels.
- fastjet Aviation Limited (formerly Lonrho Aviation (BVI) Limited) has been issued with an order for a creditor appointed liquidator to be appointed under the Insolvency Act 2003 (British Virgin Islands). The Directors do not believe that there is recourse to fastjet Plc for any of the liabilities of fastjet Aviation Limited.

The Directors have also considered a number of risks in achieving these forecasts including *inter alia*:

- Not achieving forecast passenger numbers and load factors;
- Aviation fuel prices, which are currently not hedged, increase;
- Adverse currency exchange rate movements;
- Not achieving the cost reductions required to reach breakeven by Q4;
- Availability of aircraft with only three aircraft in the fleet; and
- Not achieving additional funding if required.

The Directors believe, on the basis of current financial projections and funds available, that the Group has sufficient resources to meet its operational needs until at least June 2018. It should be noted, however, that the headroom over available cash resources is minimal with forecasts showing headroom at its lowest in October 2017. The Directors have also prepared sensitised cash flow forecasts which indicate that the Group will need to raise additional funding if any of the following variances in assumptions arise. Specifically:

- Load factors not met by 5%; or
- Fare prices decrease by 2% year on year; or
- Fuel prices increase by 15% with no recovery in ticket prices, or
- Foreign exchange rate depreciation of Tanzanian shilling by 13% against the US dollar.

Should additional funds be required the Directors believe it will be necessary to request additional equity from existing and possibly new shareholders. As at the date of approval of these Financial Statements, no commitment has been made or received for any future financing and there can be no certainty that additional funding if required will ultimately be available.

In preparing these financial statements, the Directors continue to adopt the going concern basis, notwithstanding the possibility that further funding may be required and about which there is no certainty at the date of approval of these financial statements.

Notes to the Parent Company financial statements

However, given the minimal headroom in the forecast, the matters described above represent material uncertainties that may cast significant doubt upon the Group's and the parent Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result if the basis of preparation proved inappropriate.

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency, US Dollars, at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

The fair values of all financial assets and financial liabilities are equal to their carrying amounts.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments
Investments are included at cost less amounts written off.

Intangible assets
Intangible assets are recognised at cost less accumulated amortisation and less accumulated impairment losses Amortisation is charged on a straight-line basis, as follows:

Brand licence agreement	10 years
Software	4 years

Notes to the Parent Company financial statements

Fixed assets

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures, fittings and office equipment	4 to 7 years
Plant and machinery	4 years

Share-based payments

The Company operates equity-settled share-based remuneration plans for certain employees (including Directors) and has also issued share options to easyGroup Holdings Limited as part of the consideration for a brand licence agreement.

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the Company's estimate of the number of shares that will vest.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee.

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate to share premium.

2. Accounting estimates and judgements

The preparation of financial statements in conformity with Adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates made by management in the application of Adopted IFRS that have significant effect on the financial statements with a significant risk of material adjustment in the next year are discussed in the following notes:

- valuation of Investment (Note 4)
- share based payments (Note 19 Group Financial Statements)
- impairment of other intangibles (Note 5)

Judgements made by management in the application of Adopted IFRS that have significant effect on the financial statements are:

- the determination of the functional currencies of subsidiaries
- the determination of the accounting treatment in respect of the acquisition of investments as either associates, joint ventures, joint operations or subsidiaries (Note 4)

Notes to the Parent Company financial statements

Functional currency

All amounts are presented in US Dollars being the Company's functional currency. This currency has been chosen as all transactions with Group entities are denominated in US Dollars.

3. Remuneration of directors

	2016 **US$000**	2015 US$000
Directors' remuneration	**2,121**	1,980

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was US$631,000 (2015:US$589,000).

No pension payments are made for Directors.

4. Investments

An impairment review was conducted in respect of fastjet Tanzania CGU as at 31 December 2014. This review concluded that the fastjet Tanzania CGU was, by itself, unable to generate the profitability required to support the previously stated valuation of this investment. Accordingly, it was fully impaired in 2014 and the impairment remains appropriate at 31 December 2016.

5. Intangible assets

	Brands US$'000	**Software US$'000**	**Total US$'000**
Cost			
At 1 January 2016	11,764	459	12,223
Additions	-	82	82
At 31 December 2016	**11,764**	**541**	**12,305**
Amortisation and impairment charges			
At 1 January 2016	11,764	120	11,884
Amortisation for the year	-	116	116
At 31 December 2016	**11,764**	**236**	**12,000**
Net carrying amount			
At 31 December 2016	**-**	**305**	**305**
At 31 December 2015	-	339	339

Notes to the Parent Company financial statements

An impairment review was conducted in respect of the fastjet brand at 31 December 2014. This review concluded that the fastjet Tanzania CGU was, by itself, unable to generate the profitability required to support the previously stated valuation of this intangible asset. Accordingly, it was fully impaired in 2014 and the impairment remains appropriate at 31 December 2016.

6. Fixed assets

	Plant and Machinery US$'000	Fixtures and Fittings US$'000	Total US$'000
Cost			
At 1 January 2016	217	53	270
Additions	10	-	10
At 31 December 2016	**227**	**53**	**280**
Amortisation and impairment charges			
At 1 January 2016	123	38	161
Charge for the year	53	13	66
At 31 December 2016	**176**	**51**	**227**
Net carrying amount			
At 31 December 2016	**51**	**2**	**53**
At 31 December 2015	94	15	109

7. Debtors

	31 December 2016 US$'000	31 December 2015 US$'000
Debtors		
Amounts owed by Group undertakings	**-**	-
VAT debtor	**264**	981
Other debtors	**2,979**	2,086
Prepayments and accrued income	**171**	108
	3,414	3,175

Other debtors consist of deposits held by suppliers to the Company in relation to fuel, pilot's contracts and various other matters.

Amounts owing by Group undertakings are impaired as follows:

Amounts owed by Group undertakings	**141,363**	103,232
Provision for impairment	**(141,363)**	(103,232)
	-	-

Notes to the Parent Company financial statements

8. Creditors: amounts falling due within one year

	31 December 2016 US$'000	31 December 2015 US$'000
Trade and other payables		
Trade payables	**1,608**	1,125
Other payables	**494**	723
Accruals	**1,080**	659
	3,182	2,507

9. Creditors: amounts falling due after more than one year

	31 December 2016 US$'000	31 December 2015 US$'000
Other payables	**1,558**	1,786

Other payables refer to the net present value of liabilities under brand agreements.

Liability under brand agreements due after more than one year are payable as follows:

	31 December 2016 US$'000	31 December 2015 US$'000
Between one and two years	**413**	369
Between two and five years	**1,028**	1,028
After five years	**117**	389
	1,558	1,786

10. Share capital

	Number of ordinary shares £1.00 each '000	Number of ordinary shares £0.01 each '000	Number of deferred shares £0.01 each '000	Number of deferred shares £0.09 each '000	Share Capital GBP'000	Share capital US$'000
At 1 January 2016	66,422	-	9,313	305,247	93,987	144,923
Consolidation	(66,422)	66,422	-	730,643	-	-
Warrants exercised	-	2	-	-	-	-
Issued for cash	-	30,326	-	-	303	401
At 31 December 2016	**-**	**96,750**	**9,313**	**1,035,890**	**94,290**	**145,324**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The deferred shares have no significant rights attached.

Notes to the Parent Company financial statements

All issued shares are fully paid.

On 8 August 2016, the Company's existing ordinary shares of £1 each were reorganised into new ordinary shares on the basis of one new ordinary share of 1 pence each and 11 deferred shares of 9 pence each for every existing ordinary share of £1 each.

On 8 August 2016, 30,000,000 new ordinary shares of 1 pence each were issued at 50 pence per share by way of a placing to new and existing institutional raising gross proceeds of £15m.

On 8 August 2016, 325,508 new ordinary shares of 1 pence each were issued at 50 pence per share by way of an open offer to existing shareholders raising gross proceeds of £0.163m

Between 27 October 2016 and 4 November 2016 2,679 share warrants were exercised at 31.5 pence per share.

11. Contingent liabilities

There are no contingent liabilities at 31 December 2016 or 31 December 2015.

12. Related party transactions

The Company has related party relationships with its subsidiaries (see Note 17 of Group accounts).

The Company licences the fastjet brand from easyGroup Holdings Limited ("easyGroup") under a 10 year Brand Licence Agreement dated 3 May 2012 (the "Agreement"). easyGroup held less than 3% of the issued share capital of the Company at 30 May 2017.

The Agreement provides for an annual royalty payment of 0.5% of total revenue, subject to a minimum royalty payment of US$500,000 per annum. The royalty payments are indexed annually in accordance with US CPI. The present value of the minimum royalty payments was capitalised as a component of brand licence costs.

The amounts payable to easyGroup for the period were US$0.52m (2015: US$0.52m).

At the year end the outstanding liability to easyGroup was US$ nil (2015: US$ nil).

Transactions with subsidiaries

The Company charges fees for airline management services to its airline subsidiaries and recharges other direct costs incurred on their behalf. Fees for airline management services in 2016 were US$8.6m (2015: US$4.2m). In addition the Company provides working capital funding to subsidiaries. All such charges and funding are passed through intercompany loan account. Interest is chargeable on certain outstanding balances. The intercompany loans were fully impaired at 31 December 2016 and 31 December 2015 (see Note 5).

13. Events after the balance sheet date

On 5 January 2017 the Company announced that it had entered into an agreement with Solenta Aviation Holdings Limited ('Solenta'), a specialist African aviation aircraft operator and aircraft services group, based in Johannesburg, South Africa, for the provision and operation of three wet-leased aircraft and supply of other services over the next five years. In conjunction with this the company also announced that it had conditionally raised US$28.8m (before expenses) by way of a placing with institutional and other shareholders of 143,449,794 Placing shares at £16.3 pence per Placing Share.

Under the terms of the Solenta agreement, Solenta agreed to recognise US$19.2m of the aggregate total expected cost of the three, five year wet-leases as being satisfied immediately upon completion through the

Notes to the Parent Company financial statements

issue of 95,633,199 Consideration shares. On admission Solenta became a c28% shareholder in the Company. On 23 January 2017 the Company announced that at the general meeting of the Company held to approve, inter alia, certain matters necessary to implement the Placing, all resolutions put to shareholders were duly passed.

Other information

Glossary of Key Terms

Aircraft Utilisation	Average number of block hours per day per aircraft
Aircraft Utilisation (peak month)	Average number of block hours per day per aircraft being the highest month
Aircraft Utilisation (Year-end)	Average number of block hours per day per aircraft at year-end
AOC	Air Operator Certificate
ASL	Air Service Licence
ASP	Air Service Permit
Available seat kilometres (ASK)	Seats flown multiplied by the number of kilometres flown
BASA	Bilateral Air Service Agreement
Block hours	Hours of service for aircraft, being the time the aircraft leaves the terminal at the departure airport to the time of arrival at the destination airport
CAA	Civil Aviation Authority
CGU	Cash generating unit
Cost per ASK	Revenue less profit before tax, divided by ASK
Cost per ASK excluding fuel	Revenue less profit before tax less Fuel cost, divided by ASK
EBITDA	Earnings before Interest, Tax. Depreciation and Amortisation
5th Freedom	***Fifth Freedom of The Air*** - the right or privilege, in respect of scheduled international air services, granted by one State to another State to put down and to take on, in the territory of the first State, traffic coming from or destined to a third State (also known as a ***Fifth Freedom Right***).
FOP	Flight Operator's Permit
ICAO	International Civil Aviation Organisation
Load Factor	Number of passenger segments as a percentage of number of seats flown
Passenger segments	

Other information

	Number of ticketed seats flown. Ticketed seats comprise seats sold to passengers (including no-shows) per segment (excluding infants)
Revenue	The sum of seat revenue and non-seat revenue
Revenue per ASK	Revenue divided by ASK
Revenue per passenger	Revenue divided by number of passenger segments

Other information

Company details and advisors

Registered Number	5701801
Directors	Rashid Wally (Non-Executive Chairman) Nico Bezuidenhout (Chief Executive Officer) Michael Muller (Chief Financial Officer) Robert Burnham (Non-Executive Director) Peter Hyde (Non-Executive Director)
Company Secretary	Ben Harber
Registered Office	6th Floor 60 Gracechurch Street London EC3V 0HR United Kingdom
Nominated Adviser and Broker	Liberum Capital Limited Ropemaker Place, Level 12 25 Ropemaker Street London EC2Y 9LY
Registrars	Neville Registrars Limited Neville House 18 Laurel Way Halesowen, West Midlands B63 3DA
Auditors	KPMG LLP 1 Forest Gate Brighton Road Crawley RH11 9PT
Solicitors	Laytons 2 More London Riverside London SE1 2AP
Financial PR	Citigate Dewe Rogerson 3 London Wall Buildings London Wall London EC2M 5SY

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DUA YA WAZAZI BARAKA KWA WATOTO
MSHUKURU MUNGU KWA KILA KITU