2017

ANNUAL REPORT AND ACCOUNTS

fastjet

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Strategic Report

World Travel Awards 2017

Africa's leading low-cost airline award – winner

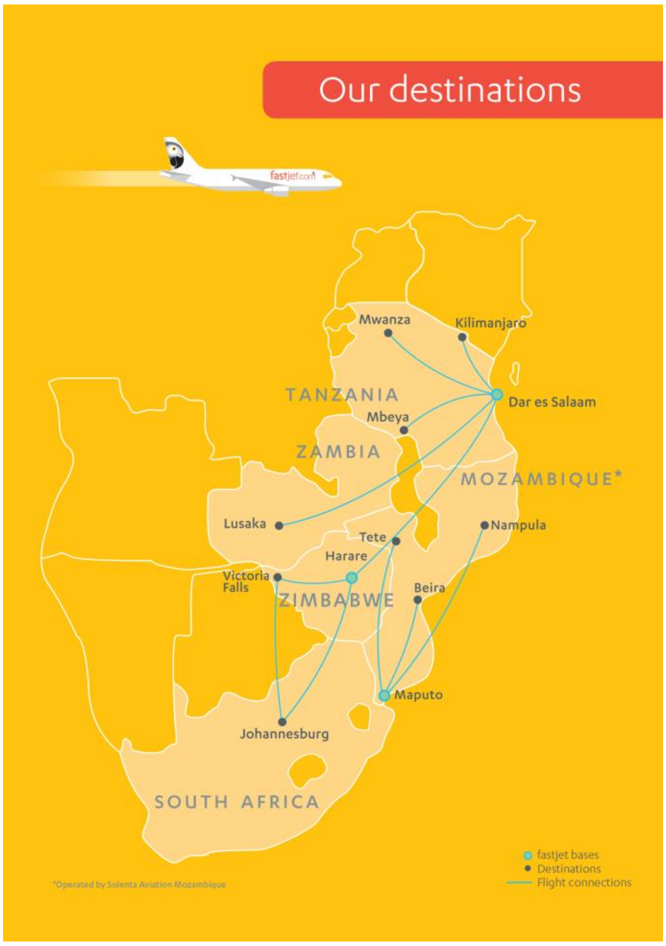
Skytrax World Airline Awards 2017

Best African Low-Cost Airline

World Travel Awards - April 2016

Africa's leading low-cost airline award – winner 2016

Fastjet Route Network May 2018



Strategic Report

2017 - stabilisation and positioning for growth

Chief Executive's Statement

During the past year, the fastjet team managed to stabilise the business and significantly reduce losses, whilst simultaneously injecting a degree of agility that enabled the business to move into a new market, Mozambique, through a brand licence agreement, and to sign a similar agreement with South African carrier Federal Airlines.

However, current short-term challenges persist especially as we manage our cash resources until proposed new routes open for business later in this 2018 financial year. Circumstances in the weeks leading up to our approval of these financial statements have led to us having to approach our principal shareholders and I am delighted to say that that they have provided non-binding indications of interest to participate in a further fundraise of not less than US$10 million which will provide us with the required funding to at least the end of 2018. Risks, of course, remain as the Board seeks to continue the turnaround of the fortunes of fastjet and place it on a sustainable financial footing. The fundraise and its importance in underpinning operations in the short term naturally meant we had to delay the approval and publication of our accounts and on behalf of the Board, I thank all our shareholders for their patience and continuing support. These financial statements will now be laid before a general meeting of shareholders to be held on 27 July 2018.

Returning to my commentary on the year covered by these financial statements, in the first half of the year, fastjet was engaged in the continued implementation of its Stabilisation Plan, the common thread for all our commercial and operational movements. The Plan was designed to positively transform the Group and pursue our vision of becoming a truly pan-African airline. We are very pleased with the progress that we have made. In less than a calendar year we have successfully migrated the Group's headquarters onto African soil and implemented key initiatives such as a network realignment programme, withdrawing from loss-making routes, a complete reconfiguration of fastjet's fleet and a significant reduction in the underlying cost base. In addition to the cost-saving initiatives, we have simultaneously focused on the continued improvement of the overall efficiency of our ongoing operations, including greater interaction between the Commercial, Operational and Finance functions of the business, who all now reside in Africa.

Notwithstanding our efforts in implementing the Stabilisation Plan, we have continued to focus on the provision of excellent service to our passengers. We were extremely proud to be recognised at the 2017 World Travel Awards as the Leading Low-Cost Airline in Africa as well as the Best Low-Cost Airline, Africa, at the 2017 Skytrax awards.

The purchase of the fastjet brand from easyGroup in the second half of 2017 was an important milestone in our development and has already offered us the opportunity to explore various new avenues for growth as well as allowed us greater flexibility in our operations, particularly in terms of the type of aircraft that we operate.

During the year we increased the frequency of services between Harare and Johannesburg to four times daily, reinstated a limited schedule on the Johannesburg to Victoria Falls route and launched fastjet in Mozambique through a brand licence agreement with Solenta Aviation Mozambique. We currently offer a four-city network of services within Mozambique.

We have worked hard to make sure that fastjet operates the appropriate gauge fleet in each of our markets. fastjet now operates two Embraer E190 aircraft in Tanzania, two Embraer E145 aircraft between South Africa and Zimbabwe and an Embraer E145 in Mozambique. The introduction of three ATR72 aircraft, announced in the second half of 2017, will be deployed in key markets during the second half of 2018. We hold two Air Operator Certificates (AOCs) - in Tanzania and Zimbabwe - with the Federal Airlines and Solenta Aviation Mozambique Brand Licence Agreements enabling the fastjet brand to now have access to both the South Africa and Mozambique markets.

Whilst 2017 presented some operational challenges for the Group, it has been encouraging to see the rightsizing of fastjet's fleet beginning to yield positive results.

Strategic Report

Fundraising

In January 2017 fastjet embarked on a fundraising exercise, which raised gross proceeds of US$28.8m. At the same time the Company also entered a strategic partnership with Solenta Aviation Holdings Limited ("Solenta"), a South Africa based operator of one of the largest African aircraft fleets. Under this agreement, Solenta provides and operates aircraft on a reduced cash cost, "wet/dry-lease" basis for fastjet and supplies other aviation services. It is an exciting and positive strategic partnership for fastjet as this agreement allows us to leverage Solenta's existing African business whilst simultaneously providing the platform to grow and scale fastjet flexibly and cost effectively.

In September 2017, fastjet announced a further funding exercise, raising gross proceeds of US$44m to support its growth initiatives, allowing it to enter the Mozambique market and to purchase an option right on the three ATR72 aircraft noted above.

The Board is grateful to all shareholders who participated in these fundraising exercises for their continued support.

Financial Performance

The Group recorded a significantly reduced loss for the year of US$24.5m (2016: US$67.7m pre-discontinued operations), which included the costs of an unexpected engine event with our last A319 towards the end of the year (US$6.9m) and a significant bad debt write off of $2.5m. The results for the year reflect the positive effect of the Stabilisation Plan, which commenced in August 2016. The reduction in capacity, suspension of loss making routes, relocation of the head office to Johannesburg and the various other cost saving initiatives contributed to this material improvement in bottom line performance, which is fully explained under the Stabilisation Plan section below.

As a result of the operating loss for the year, the cash costs associated with the aircraft return conditions and onerous lease contracts, which had been previously provided for, and an unexpected engine event with the last A319 aircraft prior to its return, the Group incurred a 2017 operating cash outflow of US$34.8m (2016: US$52.3m). Supported by the two capital raises the year end cash balance was US$20.1m (2016: US$3.6m). At 18 June 2018, the Group's cash balance was US$3.3m reflecting the purchase of equity in the three ATR72 aircraft (Further supported by a Solenta Loan), further operating cash outflows and a creditor reduction. Following the loan swap agreement announced on 5 June 2018, cash balances of US$1.75m held in Zimbabwe are currently restricted due to lack of foreign exchange liquidity in the country. In order to mitigate this, we announced in June 2018 that fastjet entered into a loan swap agreement of US$5m in Zimbabwe in order to make available US$2m of the restricted cash held within Zimbabwe. Although the Group is operating on a more stable footing the Board determined that additional equity should be sought to provide additional working capital. As referred to in the Chief Executive's Statement above, the Board can confirm that it has received non-binding indications of interest from existing and potential new investors to invest, in aggregate, not less than US$10m.

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, Zimbabwe and Mozambique remain challenging. In 2018, the Group is expecting to deploy its newly acquired ATRs, possibly into the Tanzanian market, as well as on the additional Bulawayo-Zimbabwean route. These initiatives inevitably have operational and financial risks and challenges, which the Board is confident it can manage. Having considered these challenges and risks carefully, the Directors have continued to adopt the Going Concern basis in preparing these Financial Statements.

Further details of the key assumptions and risks that the Directors have considered in concluding that the continued adoption of the Going Concern basis is appropriate in preparing these Financial Statements are set out in the going concern sections within the Financial Review below and in Note 1 of the notes to the Financial Statements.

Strategic Report

Strategic Developments

Stabilisation Plan

fastjet’s Stabilisation Plan was designed to strengthen the commercial and financial aspects of the business. We are pleased with its success, specifically regarding the rightsizing of fastjet’s fleet and the associated cost reduction, together with the successful initiatives continued to sustain revenue growth during 2017. The Stabilisation Plan featured several key elements:

Network

The rationalisation of fastjet’s route network, which commenced in August 2016, was completed in early 2017. The objective was to more closely match capacity with demand. Frequencies on underperforming routes were reduced and aircraft were withdrawn from routes generating inadequate revenues, especially those that failed to cover direct operating costs.

Fleet

The number, size and type of aircraft operated by fastjet was fundamentally reviewed in 2016 and a decision was made to replace fastjet’s Airbus A319 aircraft with a more demand-aligned fleet. At the start of 2017 the Group’s fleet consisted of three Airbus A319 aircraft and one Embraer E190. By mid-October 2017 the last 145-seat A319 was removed from service and later returned to the lessor. We introduced two 50-seat Embraer E145 in Zimbabwe from April 2017, and one in Mozambique from November 2017. All three planes were part of the Solenta Strategic Partnership agreement.

By January 2018, after an extensive certification process, fastjet had introduced into service two 104-seat Embraer E190 aircraft.

The next step in this re-fleeting exercise, announced in September 2017, will see fastjet introduce into service three 70-seater ATR72 turbo-prop aircraft in September 2018. These planes will enable fastjet to gain access to runways and markets previously inaccessible due to the Group’s former jet-only operations. These aircraft will also complement our existing Embraer type aircraft, which have 50 and 100-seat capacities.

Although unexpected cash costs totalling US$6.9m were incurred in November and December 2017 due to an unexpected engine event with the last A319, the overall re-fleeting programme resulted in significant improvements to load factors and revenue per seat. fastjet’s average load factor during 2017 was 71% compared with a system-wide load factor of 54% in 2016, an improvement of 17 percentage points.

Brand Licence Agreements

The purchase of the fastjet brand from easyGroup has enabled fastjet to develop and implement two brand licence agreements in rapid succession:

- **fastjet Mozambique**
  Under the brand licence agreement with Solenta Aviation Mozambique, the first fastjet branded flight in Mozambique took place on 3 November 2017. Although still in its early stages, this market entry has so far been highly successful with flights between the major urban centres of Maputo, Nampula, Beira and Tete achieving average load factors of 66%.

  In addition, on 21 March 2018, fastjet and LAM - Mozambique Airlines, S.A. (“LAM”) announced that they had entered into a Memorandum of Understanding (“MoU”) to explore long-term commercial cooperation. The MoU outlines several areas of cooperation between the airlines which are expected to significantly enhance commercial aviation in Mozambique. The MoU sets out code-share and interline agreements between the two carriers, optimised network synergies to accommodate these, and details of cooperation on commercial systems, cargo, engineering and maintenance. The benefits from this agreement are expected to begin to flow through in late 2018 and more fully during 2019.

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- **Federal Airlines**
  A brand licence agreement with Federal Airlines, the South Africa based bespoke lodge shuttle service operator, was implemented in late 2017 and saw fastjet gain access to a South African Airline Operating Certificate ("AOC") with a view to commencing fastjet branded services in South Africa no later than early 2019, subject to obtaining suitable additional fleet and the associated finance. Subsequent to the year-end fastjet has commenced the process of exercising its option to acquire Federal Airlines, subject to;
  (a) All necessary approvals from the relevant governing authorities or regulators are obtained, including change of control approval in respect of the South African domestic and international air services licenses held by Federal Airlines Proprietary Limited; and
  (b) Change of control approval in respect of the Federal Airlines Proprietary Limited property lease at O.R .Tambo Airport; and
  (c) To the extent required or applicable, the Takeover Regulation Panel of South Africa provides an exemption in terms of section 119(6) of the Companies Act with respect to the Transaction or if such exemptions is not provided by the Takeover Regulation Panel, a compliance certificate in terms of section 115(1) of the Companies Act is provided by Takeover Regulation Panel for the implementation of the Transaction. The exemption must be unconditional, or if conditional, then such terms which are accepted by fastjet and Federal Airlines Proprietary Limited, acting reasonable; and
  (d) Change of control approval from the Standard Bank of South Africa Limited pursuant to the aircraft loan agreement between Federal Airlines Proprietary Limited and the bank.

Cost Reduction
During 2017 the Group increasingly benefited from the cost saving initiatives of the Stabilisation Plan. These cost savings have continued into 2018. Since the successful relocation of our headquarters from Gatwick to South Africa, re-fleeting to smaller gauge aircraft, the favourable renegotiation of supplier contracts and the elimination of unnecessary duplication of resources, fastjet has become more streamlined and cost efficient, and now has a more appropriate and coordinated organisational structure.

Revenue Generating Initiatives
Throughout 2017 a major element of the Stabilisation Plan fastjet has been pursuing numerous revenue generating initiatives. These include:
- The successful implementation of a new Central Reservation System;
- Improved travel agent distribution and inventory availability on the two largest global distribution platforms;
- An improved revenue management focus coupled with better capacity discipline;
- A more effective marketing and communication strategy, including the commercial leverage of social media, public relations and more audience and market relevant marketing communication;
- The introduction of a Customer Experience business unit to better manage all physical brand touch points and develop direct customer relationships;
- The development and launch of a multi-platform responsive website with faster loading times and which is more easily accessible on mobile, desktop and intermediate devices; and
- The implementation of a distressed inventory strategy whereby certain flights with low load factors are promoted effectively and successfully through gratis and low-cost distribution channels, such as social media and text messaging.

The initiatives outlined above had the following impacts:
- Full year 2017 revenue per available seat rose by over 30%, whilst cost per passenger fell by 21% and headcount was down by 27%. The first half losses fell year on year by 50%;
- A significantly reduced full year loss of US$24.5m (2016 loss US$67.7m pre-discontinued operations); and
- fastjet won three global awards as best LCC in Africa 2017/2018.

Strategic Report

Board of Directors

In April 2017 Rashid Wally was appointed Non-Executive Chairman whilst in March 2017 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. In addition, the Facility granted by Solenta to fastjet in April 2018 entitles it to appoint a further Director. To date Solenta have not nominated any Directors but are expected to at least partially exercise this right during 2018.

Corporate Governance

We believe that good governance is integral to delivering growth in shareholder value. In line with best practice and regulations.

Outlook for 2018

In many respects 2017 was a watershed year for fastjet. The Stabilisation Plan was completed with a plethora of projects running simultaneously and implemented by a small team of exceptionally dedicated staff across five countries. I expect that 2018 will not only deliver the fruits of these labours but will see further foundations laid for future successes.

While we remain prudent, fastjet has managed to restructure its operations in a relatively short space of time. We note that the markets in which fastjet operates are forecast to continue to see strong growth potential. The African Development Bank recently forecast that Mozambique, our newest market, is set to become Africa’s largest economy by 2028 as natural gas exploration reaches its peak, while as recently as April 2018 the International Monetary Fund forecast current year Tanzanian GDP growth of 6%. Zimbabwe is expected to see GDP growth of 2.5% while South Africa, an economy several times the size of fastjet’s other markets combined, is expected to deliver GDP growth of 1.5% in 2018.

The unexpected A319 engine event in the fourth quarter of 2017, delays in the introduction of our new fleet of Embraer E190 aircraft and occasional disruptions to our operations were all growing pains for the ‘new’ fastjet. However, I am confident that the combination of healthy overall GDP growth, strong trading and expected passenger growth in our established markets will all play a significant, positive role in moving fastjet forward during 2018. This, together with our new ATRs, which are expected to be introduced into service during September 2018, and expected further network growth in Mozambique, will help us to continue to realise our long-term ambition to become Africa’s leading low-cost airline.

In the medium to long term the Yamoussoukro Decision and committed implementation of open skies by several African countries also bodes well, as access to growing markets becomes less impeded by challenging regulatory constraints and restrictions.

Nico Bezuidenhout
Chief Executive Officer
29 June 2018

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

The core strategy for the business will remain aligned to our vision to be a successful pan-African airline, based on the LCC model.

The 2018 initiatives aimed at achieving this goal include:
- Successful deployment of the ATR72 aircraft
- Embedding fiscal stability and strengthening operating cashflows
- Revenue maximisation and cost efficiencies
- Further market expansion into Mozambique and possibly other new markets such as South Africa
- IATA Operational Safety Audit accreditation
- Completion of the integration of Federal Airlines

The African aviation context

The African continent comprises large populations or diverse communities, and also has one of the largest proportion of young people under the age of 35. It is characterised by an emergence from political uncertainty, high GDP growth and growing prosperity. There remains a high measure of dependence on the extraction of commodities but sectors such as technology, agriculture and manufacturing are beginning to emerge as potential high yielding contributing factors to GDP in the future.

>1billion people, up to 2,000 languages
20% of the world's land-mass (30 million km^2)
30% of the world's mineral reserves
3.7% GDP growth – 2nd fastest growing continent
< 3% of global aviation

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

1) Safety - Africa has historically had one of the worst air safety records 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. The implementation of the 1999 Yamoussoukro Decision ("YD") of African transport ministers, which resolved that African countries would open their markets to each other, has not yet been fully implemented but holds significant potential benefit for fastjet as countries begin rolling out "open skies". Since the YD resolution African countries have already opened their markets to non-African airlines, with the primary beneficiaries being the Middle Eastern network carriers (e.g. Emirates and Etihad) and Turkish Airlines.
4) Risk premiums from a range of industry providers such as aircraft manufacturers, lessors and insurers also result in higher costs which taken together adversely affect "cost per passenger".

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In recent years there have been improvements on many of these fronts 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 African airlines now certified under the International Air Transport Association's IATA Operational Safety Audit (IOSA) programme. Despite the challenging regulatory environment, tentative steps have been made to liberalise markets. There is also continued pressure, from within the African Union, to liberalise markets and make some progress into implementing the 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.

IATA

> 30 SSA carriers on IOSA registry

Hull-loss improvement rate

$1.3bn annual GDP gains may be possible through partial open skies implementation

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 states:

"African carriers are expected to continue to make small losses of $100 million in 2018 following a collective net loss of $100 million in 2017. Stronger forecast economic growth in the region is expected to support demand growth of 8.0% in 2018, slightly outpacing the announced capacity expansion of 7.5%.

The wider economic situation is only improving slowly in Africa, which is hampering the financial performance of its airlines. The key Nigerian economy is only just out of recession and growth in South Africa remains extremely weak. While traffic is growing, passenger load factors for African airlines are just over 70% which is over 10 percentage points lower than the industry average. With high fixed costs this low utilization makes it very difficult to make a profit. Stronger economic growth will help in 2018, but the continent's governments need a concerted effort to further liberalize to promote growth of intra-Africa connectivity."

≈ 70 million annual passengers

≈ 6.9m high-value jobs

≈ $80bn in economic activity

Globally Competitive

The World Economic Forum frequently measures the competitiveness of markets across the world and countries where fastjet operates continue to make positive strides toward becoming globally competitive nation-states across several key criteria.

- Africa's population growth rate has remained stable at 2.6% annually over the past 50 years but is presently outpacing growth of other emerging markets by around 1.5%.
- By 2035 Africa will have seen its working population grow by some 70%.
- Africa's population is urbanizing rapidly with 50% expected to be living in cities by 2030.
- Dar es Salaam counts amongst the cities cited by the World Economic Forum as expected to achieve the highest population growth rate forecast at 70% by 2025.
- Dar es Salaam and Mwanza in Tanzania ranked among the top employment generating cities in Africa between 2000-2016.

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Market Overview

As we have previously stated, one of the primary objectives of the Stabilisation Plan, was that capacity should be scaled back and better aligned to market demand. Accordingly, the number of routes operated, schedule frequency, and the number of weekly seats provided have all been reduced such that fastjet now operates eleven routes in five countries from 3 bases; Tanzania, Zimbabwe and Mozambique.

Mozambique

The fastjet brand entered the Mozambique market in November 2017 with operations on 3 routes; between Maputo and Beira, Tete and Nampula. Growth has been very positive with good load factors. We expect the economy to continue to benefit from strong and rising commodity prices and accelerated economic growth.

Mozambique is slowly making gains in the global competitive index, gaining 5 positions from 138th to 133rd in last year's World Economic Forum index. The African Development Bank also recently claimed that the country is set to become one of the largest, if not the biggest economy, on the African continent by 2028, as natural gas production reaches its peak.

Mozambique's aviation outlook, included as a key factor in infrastructural development and competitiveness, has recently seen the establishment of an upward trend with significant growth, in part attributable to fastjet's market entry. With the International Monetary Fund forecasting GDP growth to reach 9.9% by 2023, and with Maputo and Beira specifically identified as growth nodes, fastjet expects further future opportunities for aviation capacity growth.

Recently fastjet increased its frequencies between Maputo and Beira from 1 to 2 daily flights to accommodate future expected demand and added an additional weekly flight to Tete. Following fastjet's landmark cooperation agreement with Mozambican flag carrier LAM, further fastjet capacity growth in the market is expected during 2018 and 2019. This will see new network points for fastjet as well as passenger volume and revenue increases through demand-side growth and collaborative initiatives between fastjet and LAM, such as interlining, code sharing and cost-reducing, resource pooling.

Zimbabwe

Fastjet commenced operations in Zimbabwe in 2015 and presently operates 4 daily frequencies between Harare and Johannesburg; up to twice a day flights between Harare and Victoria Falls; and three, primarily leisure orientated, flights a week between Victoria Falls and Johannesburg.

fastjet has relatively quickly built a 37% market share on the Harare-Johannesburg route, through increased frequencies, highly improved dispatch reliability and effective marketing. On the domestic Harare-Victoria Falls route fastjet now has a very strong position with it offering more than 70% of total market. Since introducing smaller gauge aircraft load factors have remained stable in the 80-90% range. During 2017 fastjet Zimbabwe has seen a Revenue per Available Seat Kilometre ("RASK") improvement of 64%, stemming from a reduction in capacity, coupled with load factor and yield improvements.

On the Harare-Victoria Falls route, fastjet's only competition is state-owned Air Zimbabwe, which has been operating under severe cash constraints for the past six years. Conversely, the Johannesburg route faces intense competition from South African Airways, which operates five daily flights, as well as from Comair (operating a British Airways franchise model) and Air Zimbabwe. Despite fierce competition, fastjet's reduction in 2017 capacity and better connections, had the desired effect of increasing both load factors and yields, both of which are at their highest levels since the start of fastjet's operations in Zimbabwe.

Following a measure of political instability in late 2017, the market has recently seen healthy demand side increases as business confidence and tourism growth returns to the market. Zimbabwe has gained 12 positions on the Global Competitive Index, and now ranks at 126th globally compared with 138th previously. Coupled with increasing political stability, the International Monetary Fund forecasts GDP growth of 5% per annum up until at least 2023.

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According to the Global Competitiveness Index, Zimbabwe's quality of aviation infrastructure and total available seat kilometers in the market is also improving.

Tanzania

Tanzania was fastjet's launch market, and when measured by passenger numbers, remains the Group's largest market. Currently, Tanzania utilises 60% of the Group's capacity, on three domestic routes: linking Dar es Salaam to: Mwanza (4 daily flights); Mbeya; and Kilimanjaro (2 daily flights each). Fastjet also operates cross-border flights between Harare and Dar es Salaam and Lusaka and Dar es Salaam.

fastjet's main competition comes from Precision Air, a private operator in which Kenya Airways has a 42% equity interest, and to a limited extent Air Tanzania, a state-owned airline. Since the implementation of the Stabilisation Plan, fastjet Tanzania has seen a RASK improvement of 26% year on year, stemming from both reduction in capacity, as well as load factor and yield improvements.

Tanzania in its current socio-economic and political climate, has seen a substantial improvement in its globally competitive position making it one of the largest gains from 138th to 116th in the World Economic Forum 2017 ranking.

The World Bank notes that Tanzania's GDP growth rate slowed in 2017. According to government data, growth in the first three quarters of 2017 stood at 6.8%, compared with 7.3% for the same period in 2016. However, while Tanzania's GDP growth rate seems to have slowed, it was still the highest in East Africa during 2017.

The Tanzanian government has, during the past three years, proactively targeted a reduction in corruption, reduced inefficiencies and has developed highly ambitious growth plans that include infrastructural improvements in its 2017 Five Year Development Plan. The reduction in poverty continues albeit primarily within urban areas. Imperative to achieving growth are public and private sector partnerships and substantial FDI (foreign direct investment) in an investor friendly environment.

The International Monetary Fund forecasts GDP growth of 6.5% per annum until at least 2023, indicating relatively stable growth for the next five years.

When considered by urban centre, Dar-es-Salaam, with one of the fastest rates of urbanization and rapid job creation markets, is set to become an even stronger and more significant economic hub within East Africa, while Mwanza, is expected to follow Tanzania's economic capital closely in its ability to grow employment opportunities.

Regulatory environment

The regulatory environment remains an important issue for fastjet. The Group has made considerable 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, much has yet to be realised. Consequently, aviation regulation in Africa remains like that in Europe prior to de-regulation in the 1990s. Each country has individual regulatory requirements regarding control and ownership for any airline company wishing to operate within or to/from that country. Flights between countries continue to be 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 therefore dependent on gaining a number of government approvals. These approvals are granted, firstly in the form of an Air Service Permit (ASP) normally issued 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 respective Civil Aviation Authority will issue an Air Operator Certificate once it is satisfied that the airline can operate safely and that it complies with all local regulatory requirements. This process

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is governed by a framework prescribed by the International Civil Aviation Organisation (ICAO). Finally, before the airline can operate into other countries, those destination countries often need to grant a Foreign Operator Permit for each individual aircraft type following a review of the airline's maintenance programme, operations and records of each aircraft type 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. The regulatory environment, in terms of operating standards and safety within the industry is variable, and in some cases well below international standards. Consequently, 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
29 June 2018

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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 and regularly identifies mitigating actions to those risks.

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 provides details as to how these are managed by fastjet. This list is not intended to be exhaustive:

- Safety: A major safety incident could adversely affect fastjet's operational, financial performance and reputation. fastjet's quality and safety management systems provide the key risk mitigation together with additional assurance from the licence post holders in Tanzania, Zimbabwe and Mozambique, 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 Group's financial performance and future prospects. The management team, through the Stabilisation Plan, has fundamentally addressed the Group's services and fleet and introduced more rigorous criteria against which new services will be evaluated;
- 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 has an experienced management and Commercial team, which utilises in-house marketing tools and, where appropriate, external market analysis. In addition, the Group enters into and maintains contracts with related parties which underpin the Group's operations. Group management and the commercial team regularly monitor the Group's compliance and that of the counterparties with respect to these contracts;
- Operational: Maintenance of a safe, reliable and low cost airline is essential. The Group 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: The Group needs to ensure that it has the financial resources to continue operations and deliver its strategic objectives. The Group has appropriate budgeting, forecasting and cash management systems in place. Post the transfer of the Finance function to Johannesburg, it is in the process of further enhancing and strengthening its reporting and internal control environment;
- Regulatory: The retention of regulatory approvals and licences is essential for services and operations to continue uninterrupted. The Group has the management and systems in place to ensure compliance with aviation regulations in its licenced markets - Tanzania, Zimbabwe and Mozambique – and markets it operates to, such as South Africa and Zambia;
- 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. The Group has loan notes outstanding to fastjet Aviation Limited and these loan notes are currently being repaid in line with the repayment schedule. 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 further recourse to fastjet Plc, that any claim is unlikely and, even if there was a claim, that it is unlikely to succeed;
- Political uncertainty: This is continuously monitored by the Board and actions taken if and when required;
- Introduction of new aircraft types: This is a cumbersome process and as heavily dependent on the respective in country authorities. All steps are taken to try and ensure that the authorities are part of the process from the onset, and that any complications are dealt with swiftly. Fastjet has experienced

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delays with the introduction of the ATR aircraft, due mainly to authority delays, but have since been granted approval; and

- Oil price: The Group does not currently hedged but ensures that its fare prices are reflective of necessary changes.

After the successful relocation of the head office from Gatwick to Johannesburg, the senior management team is now much closer to the Group's operations, our customers and the relevant regulators. This helps ensure that, in addition to providing more efficient management, risks can be better monitored, and more effectively controlled.

The Board ensures, and intends to further enhance, its assessment of the risks and associated mitigating actions, in relation to the approved business model and strategy.

Financial Review

fastjet Group

The Group recorded an operating loss for the 2017 year of US25.3m (2016: US$65.6m pre-discontinued operations). In 2016 the Group reported a profit from discontinued activities of US$18.0m which related to the disposal of the legacy fastjet Aviation Limited (BVI) ("FAL") and 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 decreased by 33% to US$46.2m (2016: US$68.5m) reflecting a fall of 31% in passenger numbers. The fall in passenger numbers resulted from the planned decrease in capacity of 49% following the implementation of the Stabilisation Plan, and the reduction in the number of aircraft operated, and their size. Encouragingly, revenue per seat increased to US$60.9, a year on year increase of 30% (2016: US$46.9). Revenue per available seat kilometre, a key measure of achieved revenue, rose by 33% during 2017.

Total costs decreased by 46% to US$70.7m (2016: US$136.2m). The decrease in costs largely represents the decrease in fleet and capacity in early 2017 in line with the Stabilisation Plan. 2017 saw the completion of the return of the remaining A319 aircraft, and re-fleeting to smaller gauged E190 aircraft in Tanzania and E145 aircraft in Zimbabwe. In line with this change in aircraft came a reduction in activity related costs of 42%. Aircraft lease costs increased by 16% due mainly to the change from dry leasing of the A319 aircraft to wet leasing. Fuel accounted for 19% of total costs, while maintenance, reserves and engineering of the aircraft accounted for 8% of costs. Cost per available seat kilometre excluding fuel, fell by 3% during 2017, which is a great achievement after the reduction in capacity in line with the Stabilisation Plan.

The loss after tax for the year for the continuing businesses was reduced to US$24.5m (2016: US$67.7m loss pre-discontinued operations).

The 2016 Results have been restated to take into account a prior year adjustment, namely: US$1.7m for maintenance obligations not accounted for. The details of this adjustment are further explained in note 1.

During 2017 management conducted an extensive review of its current and prior year trade receivables. The results of this exercise showed an overstatement of US$2.5m, which in management's view is not recoverable.

fastjet Tanzania

During 2017 fastjet Tanzania's revenues decreased 47% from US$60m to US$32m, primarily reflecting a planned capacity decrease of 55% contained within the Stabilisation Plan. This capacity reduction enabled a corresponding increase in load factors, which rose 17.8 percentage points. Active revenue management led to a 10% decrease in yields, in order to improve passenger numbers. The business reported a significantly reduced loss of US$19.7m for the year (2016: US$46.7m loss) largely due to fleet changes, route rationalisation, cost efficiencies and revenue maximisation.

Strategic Report

The Tanzanian shilling: US dollar exchange rate was relatively stable during 2017 and depreciated by only one per cent compared with a 25% depreciation experienced in 2016.

fastjet Zimbabwe

During 2017 fastjet Zimbabwe's revenues increased 42% to US$12.9m from US$9.4m in 2016, mainly resulting from an increase in load factors to 68% (2016: 52%) and a 23% yield increase. This was partially offset by a capacity decrease of 19%. Aircraft utilisation increased to an average of 8.2 block hours per day (2016: 6.5 block hours per day) mainly due to the introduction of more frequent services. The business reported a significantly reduced operating loss of US$5.5m (2016: US$14.5m loss) largely due to fleet changes, route rationalisation, cost efficiencies and revenue maximisation.

fastjet Mozambique

fastjet entered the Mozambique market in November 2017. During the year it offered services on three routes. 2017 revenue was US$1.2m, with load factors averaging 66%. This was particularly pleasing given that this was the first time that the fastjet brand had operated within Mozambique. The business was break even for the year.

Key performance indicators

The Directors consider the following to be the key performance indicators ("KPIs") when measuring fastjet's underlying operational performance. The KPIs reflect standard airline industry metrics which provide measures of efficiency and business performance. They provide a mechanism for the Group to track performance at both a Group 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 combined operating performance of fastjet Tanzania, Zimbabwe and Mozambique.

Measure	2017	2016	Movement
Passenger numbers	537,763	783,317	-31%
Revenue per Passenger (US$)	86.0	87.50	-2%
Revenue per Seat (US$)	60.9	46.9	30%
Seats Flown	759,810	1,459,202	-48%
Available Seat Kilometres (ASK)	587,828,050	1,155,844,321	-49%
Load Factor	70.9%	53.7%	17pp
Revenue per ASK (US cents)	7.87	5.92	33%
Cost per ASK (US cents)	12,03	11.78	-2%
Cost per ASK ex. Fuel (US cents)	9.72	10.04	3%
Aircraft Utilisation (Hours)	9.4	9.8	-4%
Aircraft Utilisation at Year End (Hours)	8.9	8.6	3%

Funding

On 5 January 2017 the Company announced a placing of 143,449,794 shares at 16.3 pence per share raising £23.4m (US$28.8m) before expenses from institutional investors and other new shareholders. The proceeds were used for the implementation of the Stabilisation Plan and specifically the changes to the aircraft fleet and completion of the relocation of the head office.

Strategic Report

On 29 September 2017, the Company announced a further placing of 165,063,053 shares at 20 pence per share raising gross proceeds of US$44m before expenses to support its growth initiatives.

Going Concern

The Group has in recent years operated at a loss and incurred a further operating cash outflow during 2017. However, the completion of the Stabilisation Plan which commenced in August 2016, referred to in the Strategic Report enabled the Group to reduce costs and report a lower 2017 post tax loss of US$24.5m, representing a 64% reduction on the prior year pre-discontinued operations. A full year of the cost reduction benefits of the plan will be recognised in 2018. The cost base of the Group is now at an appropriate level to be able to cater for the expected increase in trading operations as noted below.

The 2018/2019 detailed cash flow forecasts prepared by the Directors for the period ended 31 December 2019 include the commencement of operation of the three owned ATR72 aircraft following completion of the entry into service checks. With the introduction into service of the additional aircraft several new routes will be launched through September 2018. As the aircraft are already owned the introduction of the new routes will only increase costs by the necessary incremental costs of running the routes, for example fuel costs and ground handling. As a result, following the successful implementation of the routes the group expects to be cash positive. As at 18 June 2018, the Group had cash balances of US$3.3m. The Board can also confirm that it has received non-binding indications of interest from existing and potential investors to invest, in aggregate, not less than US$10m in exchange for the issue of ordinary shares and this is expected to take place immediately following approval of these financial statements. The cash is expected to be received 5 working days after the announcement of the equity raise which the Directors believe will provide the appropriate working capital for the Group until the introduction of the new routes in September 2018. Whilst the Directors consider that there are material risks associated with the 2018 / 2019 forecasts, they believe that these forecasts are achievable.

The key assumptions applied by the Directors in the preparation of the detailed cash flow forecasts, which form the basis of this forecast, are:

Revenue

- Load factors reach 74% by Q4 2018 due to the following factors:
    - Entry into service of the 3 ATRs in September 2018;
    - Better connectivity from both frequency and new routes (part of the Stabilisation Plan);
    - Right gauge aircraft to better suit individual markets and routes (part of the Stabilisation Plan);
    - Active revenue management, including the introduction of several new initiatives;
    - Focused, country-centric marketing by the commercial teams.

- Based on the above, the year on year increase in passenger numbers is expected to be 50%, mainly as a result of:
    - 2018 will have an average of 6.3 aircraft compared with an average of 3.5 aircraft in 2017;
    - 2018 capacity offered will represent a 44% capacity increase on 2017; and
    - Increased commercial activity and focus.

- Across all routes average fare increase for 2018/2019 of 18% arising from:
    - Increased frequency allowing for better connectivity;
    - A reduction in aircraft gauge thereby offering a better schedule; and
    - Improved revenue management, both centrally in the new South African head office and in local countries.

Strategic Report

Operating Costs

- Cost savings embedded in the organisation during 2017 will continue to offer a benefit on an ongoing basis. These include:
  - The appointment of a new fuel supplier, with associated better rates, enabling unit cost savings of circa 3%;
  - The appointment of a new ground handler at Johannesburg airport, with additional savings negotiated at all other airports;
  - The renegotiation of maintenance and wheels, tyres and brakes contracts in Tanzania;
  - The full year effect of the relocation of fastjet's head office from Gatwick to Johannesburg, with ongoing head office cost savings of around 30%;
  - A continued focus on cost containment and the tightening of appropriate expenditure approvals procedures.

- Higher costs arising from capacity increases applying to activity related costs such as:
  - Fuel
  - Maintenance
  - Landings and Parking
  - Overflight charges
  - Passenger handling charges

Other operational and cost assumptions within the cash flow forecast include:

- Bulawayo route to commence flying by latest November 2018;
- ATR carrying costs until entry into service, assumed to be during the third quarter of 2018;
- Entry into service costs for the ATRs (pilots, training, regulatory, stock pool);
- Anticipated first year start-up losses in Mozambique;
- 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; and
- 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 considered a number of risks in preparing these forecasts including *inter alia*:

- Not achieving forecast passenger numbers and load factors;
- An increase in aviation fuel prices, which are currently not hedged;
- Adverse currency exchange rate movements;
- Ability to successfully remit cash from Zimbabwe;
- Ability to obtain short term financing facilities;
- Entry into service delay in respect of new aircraft and new routes; and
- Completion of the imminent equity raise

The Directors believe, on the basis of current financial projections, funds available and expected to be made available and based on the Group meeting its forecast, including the introduction into service of the three aircraft and the successful implementation of the new routes, the Group will have sufficient resources to meet its operational needs over the relevant period, being until December 2019. Accordingly, in preparing these Financial Statements, the Directors continue to adopt the going concern basis. However, the headroom over available cash resources is minimal and the projections are very sensitive to any assumptions not being met. The Group is also dependent upon the uptake of the imminent equity raising and receipt of cash from the equity issue securing not less than $10m.

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.

Strategic Report

Non-trading financial performance

Post balance sheet events

ATR Letter of Intent and Memorandum of Understanding (MoU)
On 29 September 2017 the Company entered into a Letter of Intent (“LOI”) with ABRIC Leasing Limited, a member of the ACIA Aero Capital Group of Companies (“ACIA”), to provide fastjet with access to three ATR72 by way of a 10-year lease, together with an option to purchase these three aircraft. The exercise of the option to purchase is subject to approval by Export Development Canada (“EDC”) as ultimate owner of the ATR72s. The three aircraft are valued at approximately US$42m in aggregate, with outstanding debt at the end of 2017 of approximately US$30m, repayable in quarterly instalments over the next nine years. Under the terms of the LOI, fastjet has, post year end, paid ACIA an option deposit of approximately US$11m (“ATR Purchase Option Deposit”), for the purpose of acquiring the economic rights to the three aircraft (as explained in the circular to shareholders dated 2 October 2017).

Post year end, EDC has indicated its approval in principle for the proposed transaction, subject to due diligence and legal documentation, and accordingly fastjet has agreed to exercise its option to purchase the ATR72s and for this purpose to enter into a Memorandum of Understanding (“MoU”) with ACIA and its associated companies to implement the proposed transaction.

In accordance with the MoU:
- fastjet provides notice of its exercise of the option to purchase the aircraft, by means of a novation of the existing head-lease held by ACIA, subject to final EDC approval;
- In the event that EDC fails to provide the requisite approval, ACIA and fastjet will seek to put in place an appropriate sub-lease arrangement instead, providing substantially the same economic benefits to fastjet; and
- Following service of formal notice, the parties will have 90 days in which to complete the novation or sub-lease arrangements and, in the event that neither occurs, fastjet shall, subject to certain conditions, have a right of refund of the ATR Purchase Option Deposit.

Shareholder loan facility agreement (“the Facility”)

On 4 April 2018 the Company entered into a US$12m loan facility agreement with Solenta Aviation Holdings Limited (SAHL, a related party) to fund the exercise of the Company’s option over the three ATRs with the balance to be used for general working capital purposes. The salient terms of the Facility are as follows:
- The Facility is for a loan of up to US$12m to be provided by SAHL to fastjet;
- An interest Rate of (i) the higher of US$ 30-day LIBOR plus 6.45% pa or 8% pa until 30 June 2019, and (ii) from 1 July 2019, the higher of US$ 30-day LIBOR plus 8.45% pa or 10% pa;
- Repayment of the loan by either (at fastjet’s election) bullet repayment in full on 30 June 2019 or eight quarterly instalments of 12.5% of the loan, commencing 29 March 2019 and concluding 28 December 2020;
- Drawdown of the Facility was available until 30 April 2018, or such later date as the parties may agree and subject first to satisfying certain conditions precedent including execution and delivery of security for the loan. Fastjet has now fully drawn down this loan facility;
- The required security for the loan comprises security over certain key material assets of the fastjet Group including the fastjet trademarks, the majority interest in the shares held by the Group in fastjet Zimbabwe Limited, the shares to be acquired by the Group in Federal Airlines (Pty) Limited (“FedAir”) (if and when acquired), and the economic rights of the Group to be acquired in the three ATRs;
- The security includes an SAHL right to nominate directors to the boards of FedAir and fastjet Zimbabwe Limited together with an additional director to the board of fastjet Plc (such nominated individuals in each case to constitute a minority of directors of the respective boards of the companies);
- fastjet has utilised the Facility, principally for the purpose of the payment of the ATR Purchase Option Deposit of approximately US$11m. fastjet’s rights of refund of the ATR Purchase Option Deposit prescribed under the MOU may be offset against capital payments under the Facility;
- SAHL was entitled to a fee of US$240,000 on the date of drawdown of the Facility; and
- The Facility agreement includes standard representations, warranties and events of default, including restrictions on future borrowing and security (subject to exceptions).

Strategic Report

Loan swap arrangement

The Company has entered into unsecured loan agreements with third parties, Annunaki Investments (Private) Limited ("Annunaki") and SSCG Africa Holdings ("SSCG"), in order to make available a portion of the Group's restricted cash held within Zimbabwe. The loans are on commercial terms, for a period of six months and allow fastjet to lend US$5m cash from fastjet Zimbabwe to Annunaki at 4% in return for a US$2m loan to fastjet from SSCG at 6% for general working capital purposes across the Group. The intention is that each of the loans are repaid at the end of the six months unless the term is extended by mutual agreement by all of the parties.

Fuel cost

During the 2017 financial year fastjet has purchased its fuel at prevailing market prices, and adjusted ticket prices accordingly where required. The Board will keep its fuel price hedging strategy under review.

Michael Muller
Chief Financial Officer

29 June 2018

Directors' Report

Board of Directors

The current Directors of the Company are summarised below. The Directors report on page 22 sets out details of the Directors who served during 2017.

Rashid Wally, Non-Executive Chairman

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

In addition to his previous 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 and 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 1st 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 11 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 Chartered 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 and is Chairman of the Safety Committee and the Remuneration Committee. Rob has held a variety of executive director and senior management positions in a number of listed companies both in the UK and USA.

Rob 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 24th March 2017. Peter brings broad 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. He is currently a Partner of ATLAS Infrastructure Partners, a fund management business focused on investment in listed infrastructure equities. Peter also has significant industry experience, having previously served as CEO of easyBus and having held senior project management roles at National Express.

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 2017 and the comparative 12-month period to 31 December 2016.

Results and dividends

The income statement is set out on page 33 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$24.5m loss (2016: US$67.7m loss pre-discontinued operations). No dividends have been paid or proposed.

Post balance sheet events

Post balance sheet events are shown at Note 28.

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 Group 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 Group, 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 continues to invest time and effort to improve controls within the Group. Post the transfer of the Finance function to Johannesburg, fastjet is in the process of further enhancing and strengthening its reporting and internal control environment.

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 Group 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 31st December 2017, 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 2017	% of issued share Capital
Solenta Aviation Holdings Ltd	156,267,528	29.91
M&G Investment Management	104,427,139	19.99
Janus Henderson Investors	47,016,578	9.00
Majedie Asset Management	46,378,285	8.88
Liberum Capital	38,593,492	7.39
JO Hambro Capital Management	28,956,141	5.54
GAM London	28,384,757	5.43
fastjet Plc Employee Benefit Trust	21,504,112	4.12

Directors

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

Name	Position	
Nico Bezuidenhout	Chief Executive Officer	
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*
Lisa Mitchell	Chief Financial Officer	*Resigned 12 May 2017*

Board of Directors

Following the resignation and appointments detailed above, the Board of Directors currently comprises two Executive Directors and three Non-Executive Directors. Rashid Wally was appointed to the Board as chairman. 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 Group'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, 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:

Directors' Report

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 Group 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 makes 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, Chief Commercial Officer, Chief Information Officer, Group Head of HR & Compliance 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 Group. 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 2017 No. of shares of £0.01 each**	31 December 2016 No. of shares of £0.01 each
Nico Bezuidenhout	124,522	Nil
Robert Burnham	1,472	1,472

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 2017 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' remuneration

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

For the year ended 31 December 2017

	Salary	**Bonus**	**Directors Fees**	**Benefits**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Nico Bezuidenhout*	396	-	-	14	410
Robert Burnham	-	-	74	-	74
Rashid Wally (Appointed 1 April 2017)	-	-	55	-	55
Peter Hyde *(Appointed 24 March 2017)*	-	-	51	-	51
Michael Muller (*appointed 15 May 2017*)	128	-	-	-	128
Lisa Mitchell (*Resigned 15 May 2017*)	269	-	-	-	269
Total	793	-	180	14	987

Directors' Report

* As part of his recruitment in August 2016 Nico Bezuidenhout was awarded a "signing on bonus" of US$400,000. This sum is held in escrow and is payable 24 months after the date of his appointment. Benefits in the table above are for contractual commitments for payments towards medical aid and other personal expenses.

The total remuneration of the Executive Committee, including the Executive Directors detailed above, was US$1.51m in 2017.

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.

Share options granted to Directors

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

	31 December 2017 No. share options	31 December 2016 No. share options	Exercise Price	Date granted	Exercise period	Date renounced
Nico Bezuidenhout	1,500,000	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	-
Lisa Mitchell *	422,607	422,607	£0.315	15/08/16	15/08/16-15/08/26	-

*Lisa Mitchell resigned 15 May 2017

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.

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.

Directors' Report

By order of the Board

Ben Harber
Company Secretary
29 June 2018

Statement of Directors' Responsibility

The Directors are responsible for preparing the Annual 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 International Financial Reporting Standards as adopted by the European Union (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;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

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

1 Our opinion is unmodified

We have audited the financial statements of fastjet Plc ("the Company") for the year ended 31 December 2017 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated and parent company balance sheet, consolidated cash flow statement, consolidated and parent company statement of changes in equity and the related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2017 and of the Group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2 Material uncertainty related to going concern

Going concern

We draw attention to note 1 to the financial statements which indicates that there is a material uncertainty relating to the Group's and parent Company's ability to continue as a going concern.

The forecasts indicate that there is minimal headroom over available cash resources and are very sensitive to any assumptions not being met. The assumptions include cash inflows from an imminent equity raising, the introduction into service of the three aircraft and the successful implementation of new aircraft routes.

These events and conditions, along with the other matters explained in note 1 represent a material uncertainty which may cast significant doubt on the Group's and the parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The risk –disclosure quality

A significant risk exists that the disclosures over going concern do not appropriately reflect the material uncertainty related to events or conditions that may cast significant doubt on the Group and parent Company's ability to continue as a going concern.

Our response – Our procedures included:

- Assessing transparency: Evaluating the adequacy of the group and parent Company's disclosures in respect of going concern based on our understanding of the facts and circumstances feeding into the forecasts.

3 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy;

Independent auditor’s report

the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

Accounting treatment of transactions entered into with Solenta ▲
Various consequences including:
Equity – services to be received $16.5m,
Other financial assets $11m

Refer to the following pages for:
- Equity (Solenta strategic partnership agreement)
- page 3 (Strategic Report);
- page 47(Accounting policy); and
- page 69 (Financial disclosures)
- Other financial assets (various agreements)
- page 5 (Strategic Report);
- page 48 (Accounting policy); and
- page 59 (Financial disclosures)

The risk - accounting treatment

During the period a number of agreements have been entered into with Solenta Aviation Holdings Limited (“Solenta”). The agreements, many of which were entered into in contemplation of each other, cover a number of areas including; raising funding through issuing own equity instruments, leasing transactions, options to acquire equity interests in third parties owned by Solenta, restraint of trade and royalty arrangements.

Given that multiple contracts were entered into at the same time and due to the diverse nature of some of those agreements, the accounting consequences of those arrangements may be difficult to individually interpret and price. The accounting transactions arising from these agreements are therefore complex.

Our response – Our procedures included:

- *Understanding agreements* – We read the agreements to obtain a detailed understanding of the transactions.
- *Accounting analysis*
    - We critically assessed the external accounting advice obtained by the Directors’ on the leasing and financing arrangements, which included the strategic partnership agreement, by comparing it to our understanding of the signed agreement.
    - We discussed and challenged the Directors’ assessment of the accounting treatment relating to the option, restraint of trade and royalty arrangements, which included the planned acquisition of FedAir, based on our understanding of the agreements, especially in relation to understanding the substance of the arrangements.
- *Test of detail*
    - We critically assessed the terms of the agreement to determine the point at which Solenta obtains legal entitlement to the shares issued in terms of the strategic partnership agreement.
    - We critically assessed whether the each of various agreements relating to the planned acquisition of FedAir should be considered and accounted for individually or in aggregate and how to allocate any consideration paid and received to any separately accounted components.
    - We inspected the accounting treatment to assess whether it was aligned with the signed agreements.

● Assessing transparency – Evaluating the adequacy of the Group and parent Company’s disclosure of the transactions entered into with Solenta.

Independent auditor’s report

4 Our application of materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at $0.46m (2016: $0.7m), determined with reference to a benchmark of total revenue (of which it represents 1% (2016: 1%)). We consider total revenue to be the most appropriate benchmark as it provides a more stable measure year on year than group loss before tax.

Materiality for the parent company financial statements as a whole was set at $0.4m (2016: $0.5m), determined with reference to a benchmark of company total assets, of which it represents 1.9% (2016: 9%).
We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding $0.02m, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group’s 5 (2016: 4) reporting components, we subjected 3 (2016: 2) to full scope audits for group purposes and 2 (2016: 2) to specified risk-focused audit procedures over revenue. The latter were not individually financially significant enough to require a full scope audit for group purposes, but did present specific individual risks that needed to be addressed.

The components within the scope of our work accounted for the following percentages of the group's results:				
	Number of components	Group revenue	Group loss before tax	Group total assets
Audits for group reporting purposes	3	96%	96%	45%
Specified risk-focused audit procedures over revenue and assets	2	4%	1%	51%
Total	5	100%	97%	96%
Total (2016)	*4*	*100%*	*98%*	*99%*

For the residual 15 components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back.

Having regard to the mix of size and risk profile of the Group across the components, the group team used component materialities of $0.3 million and $0.4m (2016: $0.5m) for Zimbabwe and the parent Company, respectively, and allocated a component materiality of $0.35m (2016: $0.45m) for Tanzania.

The Group team visited 1 (2016: 1) component location in South Africa where the accounting records of the parent Company and the Zimbabwe component are maintained (2016: Tanzania), to assess the audit risk and strategy. Video and telephone conference meetings were also held with this component auditor and certain others that were not physically visited. At this visit and meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.

The work on 1 of the 5 components (2016: 1 of the 4 components) was performed by component auditors and the rest, including the audit of the parent company, was performed by the Group team.

5 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Independent auditor's report

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or 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; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 27, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8 The purpose of our audit work and to whom we owe our responsibilities

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.

Independent auditor's report

Lynton Richmond (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London, E14 5GL

29 June 2018

Consolidated income statement

	Note	Year ended 31 December 2017 US$'000	Year ended 31 December 2016 (restated- note 1) US$'000
	Note	**US$'000**	US$'000
Revenue	4	**46,240**	68,538
Cost of Sales		**(51,930)**	(97,087)
Gross Loss		**(5,690)**	(28,549)
Administrative costs: Bad Debt write off		**(2 ,486)**	
Other Administrative		**(17,126)**	(37,026)
Total Administration costs		**(19,612)**	(37,026)
Group operating loss	5	**(25,302)**	(65,575)
Finance income	7	**2,918**	30
Finance charges	7	**(2,016)**	(1,943)
Loss from continuing activities before tax		**(24,400)**	(67,488)
Taxation	8	**(96)**	(175)
Loss from continuing activities after tax		**(24,496)**	(67,663)
Profit from discontinued activities net of tax	3	-	17,953
Loss for the year		**(24,496)**	(49,710)
Attributable to:			
Shareholders of the parent company		**(24,496)**	(70,148)
Non-controlling interests		**-**	20,438
		(24,496)	(49,710)
Loss per share (basic and diluted) (US$)	9		
From continuing activities		**(0.06)**	(0.86)
From discontinued activities		-	(0.03)
Total		**(0.06)**	(0.89)

Consolidated statement of comprehensive income

	Year ended 31 December 2017 US$'000	Year ended 31 December 2016 (restated) US$'000
Loss for the year	**(24,496)**	(49,710)
Items that are or may be reclassified subsequently to profit or loss		
Foreign exchange translation differences	**(3,222)**	(194)
Translation reserve taken to the income statement on disposal of subsidiary	-	15
Total other comprehensive (expense) for the year	**(3,222)**	(179)
Total comprehensive expense	**(27,718)**	(49,889)
Attributable to:		
Shareholders of the parent company	**(27,718)**	(70,327)
Non-controlling interests	-	20,438
Total comprehensive expense	**(27,718)**	(49,889)

Consolidated balance sheet

	Note	Year ended 31 December 2017 US$'000	Year ended 31 December 2016 (restated) US$'000
Non-current assets			
Intangible assets	10	**2,921**	312
Property, plant and equipment	11	**42,322**	465
Trade and other receivables	13	**-**	780
		45,243	1,557
Current assets			
Cash and cash equivalents	16	**20,079**	3,607
Trade and other receivables	13	**6,439**	10,835
Other Financial Assets	12	**11,000**	-
		37,518	14,442
Total assets		**82,761**	15,999
Equity			
Called up equity share capital	19	**150,752**	145,324
Share premium account		**209,216**	127,185
Treasury Shares	20	**(288)**	-
Equity-settled share based payment transactions	22	**(16,571)**	-
Reverse acquisition reserve		**11,906**	11,906
Retained earnings		**(338,538)**	(314,621)
Translation reserve		**421**	3,643
Equity attributable to shareholders of the Parent Company		**16,898**	(26,563)
Non-controlling interests		**-**	-
Total equity		**16,898**	(26,563)
Liabilities			
Non-current liabilities			
Loans and other borrowings	17	**7,577**	8,102
Obligations under finance leases	18	**27,678**	-
Trade and other payables	14	**-**	1,558
		35,255	9,660
Current liabilities			
Bank overdraft			
Loans and borrowings	17	**1,107**	1,127
Provisions	15	**-**	3,784
Obligations under finance leases	18	**3,418**	-
Trade and other payables	14	**25,984**	27,509
Taxation		**99**	482
		30,608	32,902
Total liabilities		**65,863**	42,562
Total liabilities and equity		**82,761**	**15,999**

These financial statements were approved and authorised for issue by the Directors on 29 June 2018 and are signed on their behalf by:

Rashid Wally
Chairman

Consolidated cash flow statement

	Year ended 31 December 2017 US$'000	Year ended 31 December 2016 (Restated) US$'000
Operating activities		
Result for the year	**(24,496)**	(49,710)
Tax charge	**96**	175
Loss on disposal of aircraft	**-**	2,913
Loss on disposal of other property, plant and equipment	**-**	37
Share based payments	**2,653**	-
Profit from discontinued operations	**-**	(17,953)
Depreciation and amortisation	**383**	1,152
Finance income	**(902)**	(30)
Finance charges		997
Tax paid	**-**	-
Decrease/(Increase) in receivables	**6,779**	(1,025)
(Increase)/Decrease in trade and other payables	**(19,849)**	10,443
Share option charges	**579**	665
Net cash flow from operating activities	**(34,757)**	(52,336)
Investing activities		
Disposal of discontinued operation net of cash disposed of	**-**	921
Sale of aircraft	-	7,840
Sale of other plant property and equipment	**-**	6
Purchase of intangibles	**(2,809)**	(82)
Purchase of property, plant and equipment	**(2)**	(69)
Net cash flow from investing activities	**(2,811)**	8,616
Financing activities		
Proceeds from the issue of shares (net of expenses)	**56,947**	19,220
Loan Repayments	**252**	-
Interest paid	**(3,089)**	(755)
Net cash flow from financing activities	**54,110**	18,465
Net movement in cash and cash equivalents	**16,542**	(25,255)
Foreign currency difference	**(70)**	(53)
Opening net cash	**3,607**	28,915
Closing net cash	**20,079**	3,607

Cash balances as at 31 December 2017 include US$5,618,000 (2016 US$1,331,000) that is held in Zimbabwe and at present, can only be used within that territory.

Consolidated statement of changes in equity

	Share Capital	Share Premium	Treasury Shares	Equity-settled share based payment transactions	Reverse Acquisition Reserve	Translation Reserve	Retained Earnings	Non-controlling Interests	Equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 31 December 2015	**144,923**	**108,366**	**-**	**-**	**11,906**	**3,822**	**(245,138)**	**(20,438)**	**3441**
Prior year adjustment- note 1	-	-	-	-	-	-	-	-	-
Shares issued	401	18819	-	-	-	-	-	-	19,220
Share based payments	-	-			-	-	665	-	665
	-	-		-	-	-	-	-	-
Transactions with owners	401	18,819	-	-	-	-	665	-	19,885
Translation reserve taken into income statement on disposal of subsidiary	-	-		-	-	15	-	-	15
Foreign exchange difference	-	-	-	-	-	(194)	-	-	(194)
Loss for the year (restated)	-	-	-	-	-	-	(70,148)	20,438	(49,710)
Restated total equity at the beginning of the year	**145,324**	**127,185**	**-**	**-**	**11,906**	**3,643**	**(314,621)**	**-**	**(26,563)**
Shares issued	5,428	82,031	(288)	(19,224)	-	-	-	-	67,947
Share based payments	-	-	-		-	-	579	-	579
Share services rendered	-	-	-	2,653	-	-	-	-	2,653
Transactions with owners	5,428	82,031	(288)	(16,571)	-	-	579	-	71,179
Foreign exchange difference	-	-	-		-	(3,222)		-	(3,222)
Loss for the year	-	-			-	-	(24,496)		(24,496)
Balance at 31 December 2017	**150,752**	**209,216**	**(288)**	**(16,571)**	**11,906**	**421**	**(338,538)**	**-**	**16,898**

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 has in recent years operated at a loss and incurred a further operating cash outflow during 2017. However, the completion of the Stabilization Plan which commenced in August 2016, referred to in the Strategic Report enabled the Group to reduce costs and report lower 2017 post tax loss of US$24.5m, representing a 64% reduction on the prior year pre-discontinued operations. A full year of the cost reduction benefits of the plan will be recognised in 2018. The cost base of the group is now at an appropriate level to be able to cater for the expected increase in trading operations as noted below.

The 2018/2019 detailed cash flow forecasts prepared by the Directors for the period ended 31 December 2019 include the commencement of operation of the three owned ATR72 aircraft following completion of the entry into service checks. With the introduction into service of the additional aircraft several new routes will be launched through September 2018. As the aircraft are already owned the introduction of the new routes will only increase costs by the necessary incremental costs of running the routes, for example fuel costs and ground handling. As a result following the successful implementation of the routes the group expects to be cash positive. As at 18 June 2018, the Group had cash balances of US$3.3m. The board can also confirm that it has received non-binding indications of interest from existing and potential investors to invest, in aggregate, not less than US$10m in exchange for the issue of ordinary shares and this is expected to take place immediately following approval of these financial statements. The cash is expected to be received 5 working days after the announcement of the equity raise which the Directors believe will provide the appropriate working capital for the Group until the introduction of the new routes in September 2018. Whilst the Directors consider that there are material risks associated with the 2018 / 2019 forecasts, they believe that these forecasts are achievable.

The key assumptions applied by the Directors in the preparation of the detailed cash flow forecasts, which form the basis of this forecast, are:

Revenue

- Load factors reach 74% by Q4 2018 due to the following factors:
    - Entry into service of the 3 ATR's in September 2018;
    - Better connectivity from both frequency and new routes (part of the Stabilisation Plan);
    - Right gauge aircraft to better suit individual markets and routes (part of the Stabilisation Plan);
    - Active revenue management, including the introduction of several new initiatives; and
    - Focused, country centric marketing by the commercial teams.

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Notes to the Group financial statements

- Based on the above, the year on year increase in passenger numbers is expected to be 50%, mainly as a result of:
  - 2018 will have an average of 6.3 aircraft compared with an average of 3.5 aircraft in 2017;
  - 2018 capacity offered will represent a 44% capacity increase on 2017; and
  - Increased commercial activity and focus

- Across all routes average fare increase for 2018/2019 of 18% arising from:
  - Increased frequency allowing for better connectivity;
  - A reduction in aircraft gauge thereby offering a better schedule; and
  - Improved revenue management, both centrally in the new South African head office and in local countries.

Operating Costs

- Cost savings embedded in the organisation during 2017 will continue to offer a benefit on an ongoing basis. These include:
  - The appointment of a new fuel supplier, with associated better rates, enabling unit cost savings of circa 3%;
  - The appointment of a new ground handler at Johannesburg airport, with additional savings negotiated at all other airports;
  - The renegotiation of maintenance and wheels, tyres and brakes contracts in Tanzania;
  - The full year effect of the relocation of fastjet's head office from Gatwick to Johannesburg, with ongoing head office cost savings of around 30%; and
  - A continued focus on cost containment and the tightening of appropriate expenditure approvals procedures.

- Higher costs arising from capacity increases applying to activity related costs such as:
  - Fuel
  - Maintenance
  - Landings and Parking
  - Overflight charges
  - Passenger handling charges

Other operational and cost assumptions within the cash flow forecast include:

- Bulawayo route to commence flying by latest November 2018;
- ATR carrying costs until entry into service, assumed to be during the third quarter of 2018;
- Entry into service costs for the ATR's (pilots, training, regulatory, stock pool);
- Anticipated first year start-up losses in Mozambique;
- 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; and
- 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 considered a number of risks in preparing these forecasts including *inter alia*:

- Not achieving forecast passenger numbers and load factors;
- An increase in aviation fuel prices, which are currently not hedged;
- Adverse currency exchange rate movements;
- Ability to successfully remit cash from Zimbabwe;
- Ability to obtain short term financing facilities;
- Entry into service delay in respect of new aircraft and new routes; and

Notes to the Group financial statements

- Completion of the imminent equity raise.

The Directors believe, on the basis of current financial projections, funds available and expected to be made available and based on the Group meeting its forecast, including the introduction into service of the three aircraft and the successful implementation of the new routes, the Group will have sufficient resources to meet its operational needs over the relevant period, being until December 2019. Accordingly, in preparing these Financial Statements, the Directors continue to adopt the going concern basis. However, the headroom over available cash resources is minimal and the projections are very sensitive to any assumptions not being met. The Group is also dependent upon the uptake of the imminent equity raising and receipt of cash from the equity issue securing not less than $10m.

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.

Prior year adjustment

Prior year accruals

In the 2017 financial year, management became aware of additional contractual maintenance costs of US$ 1.7m that had not been incurred but not invoiced or accrued for in 2016. Accordingly, a restatement of 2016 financial results and balance sheet, as summarised below, has been made.

Impact on consolidated income statement

	As previously Stated US$'000	Adjustment US$'000	As restated US$'000
Cost of sales	(95,422)	(1,665)	(97,087)
Loss for the year	(48,045)	(1,665)	(49,710)

Impact on loss per share (basic and diluted)

	As previously Stated	Adjustment	As restated
Increase in loss per share (US$)- continuing activities	(0.84)	(0.02)	(0.86)

Impact on consolidated balance sheet

	As previously Stated US$'000	Adjustment US$'000	As restated US$'000
Trade and other Payables	25,844	1,665	27,509
Retained earnings	(312,956)	(1,665)	(314,621)

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

Notes to the Group financial statements

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.

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 Group has adopted IAS 7 (Amendment) 'Statement of cash flows' for the first time in the year ended 31 December 2017. The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The Group has addressed this requirement by providing reconciliation between the opening and closing balances of long-term borrowings. Please refer to note 25

Other amendments adopted for the first time in the year ended 31 December 2017 have not resulted in a significant change to the financial position or performance of the Group, or to presentation and disclosures in the Group financial statements.

Recent accounting developments

The following new accounting standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been applied early by the Group in these financial statements. Their adoption anticipated impact is currently being assessed:

- IFRS 9 Financial Instruments – effective year ending 31 December 2018.

  The standard removes the multiple classification and measurement models for financial assets required by IAS 39 and instead introduces a model that has three classification categories: amortised cost; fair value through the Income Statement and fair value through Other Comprehensive Income. Classification of a debt asset instrument is driven by its cash flow characteristics and the business model in which the asset is held. Accounting for financial liabilities and for derecognising financial instruments under IFRS 9 is materially consistent with that required by IAS 39. IFRS 9 adds new requirements to address the impairment of financial assets.

  fastjet anticipates applying the standard prospectively with no retrospective adjustments required.

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Notes to the Group financial statements

Financial assets will be classified as at 'amortised cost', 'fair value through profit and loss', or 'fair value through other comprehensive income'. fastjet has reviewed its existing classifications and confirmed that most financial assets will continue to be recognised at amortised cost. Derivative assets will continue to be recognised as financial assets at fair value through profit and loss.

The new impairment model will be applied to trade receivables and other financial assets. Any adjustment to existing provisions on transition will not be material.

fastjet does not anticipate any material change in the classification or measurement of its financial instruments on adoption of the standard.

- IFRS 15 Revenue from Contract with Customers – effective for the year ending 31 December 2018.

  fastjet group will adopt IFRS 15 on 1 January 2018 and anticipates applying the cumulative catch-up ("modified") transition method.

  The standard provides a single model for measuring and recognising revenue arising from contracts with customers. It supersedes all existing revenue requirements in IFRS. Under IFRS 15, revenue is recognised when customers obtain control of goods or services and so are able to direct the use, and obtain the benefits, of those goods or services.

  fastjet has reviewed all revenue streams as part of its IFRS 15 impact assessment. Whilst the majority of revenues are already recognised in line with the requirements of the new standard, the following changes have been identified:
  Administration fees arising on bookings currently recognised when paid, will be deferred to align with the recognition of revenue associated with the related travel.

  On adoption of the standard, the adjustment to retained earnings as at 1 January 2018 is expected to be immaterial. It is also expected that impact on yearly revenue and current liabilities is going to be immaterial.

- IFRS 16 Leases- effective for the year ending 31 December 2019. fastjet anticipate applying the modified transition method.

  The new standard eliminates the classification of leases as either operating leases or finance leases and instead introduces a single lessee accounting model. The Group has a number of operating leases for assets including aircraft and property. Details of the Group's operating lease commitments are disclosed in note 24.

  The Group is currently assessing the impact of the new standard and expects its implementation to have a significant impact on the financial statements from the date of adoption. The main changes will be as follows:
  - The amounts recognised as assets and liabilities on adoption of IFRS 16 will be subject to a number of judgements, estimates and assumptions. This includes:
    a) Assumptions used to calculate the discount rate to apply to lease obligations, which is likely to be based on the incremental borrowing rate for the estimated lease term.

Notes to the Group financial statements

b) Estimation of the lease term, including options to extend the lease where the Group is reasonably certain to extend.

- Interest-bearing borrowings and non-current assets will increase on implementation of the standard as obligations to make future payments under leases currently classified as operating leases will be recognised on the balance sheet, along with the related 'right-of-use' asset. It is expected that lease obligations, which are not US dollar denominated, will be recognised at the exchange rate ruling on the date of adoption and the appropriate incremental borrowing rate at that date, with the related 'right-of-use' asset recognised at the exchange rate ruling at the commencement of the lease.

- There will be a reduction in expenditure on operations and an increase in finance costs as operating lease costs are replaced with depreciation and lease interest expense.

- The Group's operating and financial statistics will also be impacted. These comprise operating margin and operating margin before exceptional items; EBITDAR and net debt/total capital ratio. The definitions of these metrics will be reviewed on adoption of IFRS 16 to ensure that they continue to measure the outcome of the Group's strategy and monitor performance against long-term planning targets.

- For future reporting periods after adoption, foreign exchange movements on lease obligations, will be re-measured at each balance sheet date, however the right-of-use asset will be recognised at the historic exchange rate. This will create volatility in the income statement.

Annual operating lease expense, which would have been recognized under the existing leases standard, will be replaced by anticipated similar levels of depreciation and interest expense, such that no major impact on profit before tax is expected in the year of transition.

- Sale or Contribution of Assets between and Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28.
- Applying IFRS 9 Financial instruments IFRS4 Insurance contracts – Amendments to IFRS 4.
- Clarification and measurement of share based payment transactions – Amendments to IFRS 2.
- IFRIC 22 Foreign Currency Transactions and Advance Consideration- It is expected that this will have no material impact on reported transactions
- IFRIC 23 Uncertainty over Income Tax Treatments - It is expected that this will have no material impact on reported transactions

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. 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. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Transactions eliminated on consolidation

Notes to the Group financial statements

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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. Costs directly attributable to the business combination are expensed as incurred except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

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.

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
Leased aircraft	- 25 years
Leasehold property	- term of the lease
Motor vehicles	- 4 years

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Notes to the Group financial statements

Fixtures, fittings and office equipment	- 4 to 7 years
Plant and machinery	- 10 years

Aircraft

Aircraft held under finance leases are depreciated over their expected useful lives, as shown above

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, or they are deemed to have an indefinite economic life and are not amortised but tested annually for impairment or more frequently, if events or changes in circumstances indicate the carrying value may not be recoverable.

Amortisation is charged on a straight-line basis, as follows:

Air Operator Certificates (AOCs)	- 10 years
Brand licence agreement	- 10 years
Purchased Brand	Indefinite
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.

Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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Notes to the Group financial statements

The Group as a lessee

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

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

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.

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

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Taxation

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

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Notes to the Group financial statements

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

Employee benefits
The Company operates equity-settled share-based remuneration plans for certain employees (including Directors).

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.

Equity-settled share-based payment transactions

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

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

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Notes to the Group financial statements

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.
- “Treasury shares” represents the value of shares in fastjet Plc that are held by fastjet Plc Employee Benefit Trust.
- “Equity-settled share based payment transactions” represent the value as at 31 December 2017 of fastjet shares issued to Solenta Aviation Holdings Limited for services to be received in future, see Note 22.

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.

Derivatives

Derivatives embedded in other financial instruments or other non- financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

Derivatives are classified as financial assets at fair value through profit or loss.

When the company purchases and option, an amount equal to the fair value which is based on the premium paid is recorded as an asset.

Subsequent to initial recognition, derivatives are measured at fair value with changes in fair value recognised in profit and loss in the period in which they arise.

Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities price. Options held by the group are exchange traded. The group is exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value.

The group purchased an option to purchase Federal Airlines (Pty) Limited shares. Further details of the call option agreement are included in Note 12.

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.

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Notes to the Group financial statements

Loan notes are initially recognised at fair value, net of transactions 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.

Treasury shares
Purchases of own shares (treasury shares), including the related costs, are deducted directly from equity in the Consolidated 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:

- Impairment of other intangibles (Note 11). Other intangible assets, which are made up of the brand at US$2.5m are stated at cost and have an indefinite useful life, Impairment of the brand is assessed annually making use of the company's forecasts on a discounted cash flow method. There are a number of sensitivities on the forecasts that support the value of the intangible which are detailed within the going concern section on page 16.

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. **This includes an element of judgement due to the number of currencies in use in subsidiaries, including local currency and USD. This judgement impacts the foreign exchange gains/losses within the income statement and the translation reserve.**

- the determination of going concern shown above on page 16.

- the recoverability of the call option asset valued at US$11 million. The group acquired a call option which grants fastjet an option to call for 100 % of the shares in Federal Airlines (Pty) Limited at any time or to subscribe for the share capital of Fedair. Management considers the capital asset to be recoverable based on the future discounted cash flows of Federal Airlines (Pty) Limited.

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.

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Notes to the Group financial statements

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.

Year ended 31 December 2017	**Tanzania US$'000**	**Zimbabwe US$'000**	**Mozambique US$'000**	**Central US$'000**	**Eliminate Inter-segment US$'000**	**Total US$'000**
External	31,844	12,961	1,187	248	-	46,240
Inter-segment	-	-	-	20,815	(20,815)	-
Total revenue	31,844	12,961	1,187	21,063	(20,815)	46,240
EBITDA	(14,021)	(5,578)	(640)	(4,680)	-	(24,919)
Other Finance Costs	(5,476)	(1,442)	459	1,211	6,150	902
Depreciation and amortisation	(75)	(55)	-	(253)	-	(383)
Tax	(96)	-	-	-	-	(96)
Net loss	(19,668)	(7,075)	(181)	(3,722)	6,150	(24,496)
Non-current assets	150	129	-	44,964		45,243

Year ended 31 December 2016 (Restated)	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
EBITDA	(44,759)	(14,454)	(5,210)	-	(64,423)
Other Finance Costs	(1,670)	2	(650)	405	(1,913)
Depreciation and amortisation	(93)	(49)	(869)	-	(1,011)
Impairments	-	-	(141)	-	(141)
Tax	(175)	-	-	-	(175)
Net loss	(46,697)	(14,501)	(6,870)	405	(67,663)
Non-current assets	233	181	1,443	-	1,557

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.

3. Discontinued operation and changes of control

In recent periods the Group has been exiting its legacy Fly 540 businesses. On 6 June 2016 a court appointed liquidator, took control over fastjet Aviation Limited (FAL) in accordance with the Insolvency Act 2003 (British

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Notes to the Group financial statements

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 Angola CGU have been deconsolidated and disclosed as discontinued business.

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

	Year ended 31 December 2017 US$'000	Year ended 31 December 2016 US$'000
Fastjet Aviation Ltd including Fly 540 Angola CGU	-	17,953
Profit from discontinued activities net of tax	-	17,953

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 was transferred to the liquidator and the entity no longer formed part of the Group consolidated accounts with effect from that date.

A further consequence of FAL sub-group no longer being consolidated was recognition of intercompany loans and balances. This included US$10.3m unsecured loan notes issued by fastjet Airlines Limited (fastjet Tanzania) to FAL, together with accrued interest, which were shown within "non-current liabilities" on the Group Balance Sheet as at 31 December 2016. Interest on these unsecured loan notes was accrued at 4% and the first instalment of the loan note repayment by fastjet Airlines Limited was made in October 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 US$,000	**Aircraft US$,000**	**Other fastjet Aviation Ltd entities US$,000**	**Total US$,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:

	Year ended 31 December 2017 US$'000	**Year ended 31 December 2016 US$'000**
Revenue	-	-
Operating costs	-	(282)
Operating loss before exceptional items	-	(282)
Exceptional items – impairment	-	-
Operating loss after exceptional items	-	(282)

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Notes to the Group financial statements

Finance charge	-	(527)
Loss Before Tax	-	(809)
Net liabilities no longer consolidated	-	27,794
Crystallisation of loan notes to fastjet Aviation Limited from fastjet Airlines Limited	-	(9,017)
Transfer from foreign exchange reserve	-	(15)
Profit for the year	-	17,953

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 current and non-current liabilities for fastjet Tanzania. The loan notes term for a period of 10 years and the loan notes accrue interest annually at 4%.

4. Revenue

Revenue is made up of the following;

	Year ended 31 December 2017 US$'000	Year ended 31 December 2016 US$'000
Passenger revenue	**40,889**	61,471
Ancillary services	**5,351**	7,067
	46,240	68,538

5. Operating loss

Operating loss is stated after charging:	**Year ended 31 December 2017 US$'000**	Year ended 31 December 2016 US$'000
Operating lease costs		
- Property	**426**	700
- Aircraft	**12,417**	16,565
Bad Debt Write-off *	**2,486**	-
Onerous contract provision	**-**	3784
Depreciation of property, plant and equipment		
- Owned	**183**	895
- Leased	**-**	-
Amortisation of intangible assets		
- Other intangibles	**200**	116
Impairment of intangibles	-	141
Foreign exchange losses	**954**	645
Brand royalty	**(1,769)**	620

Notes to the Group financial statements

Fees payable to the Company's auditor (and its network affiliates) for			
	- The audit of the Group's annual accounts	**248**	208
	- The audit of subsidiary companies' accounts	**49**	48
	- Other services	**63**	-
Share based payments		**579**	665

***** During 2017, management conducted a detailed review of its current and prior year trade receivables. The results of this exercise showed an overstatement of US$2.5m, which in management's view is not recoverable.

6. Employees

The average number of staff (including Directors) employed by the Group during the year amounted to:	**Year ended 31 December 2017 US$'000**	Year ended 31 December 2016 US$'000
Flight crew	**102**	165
Aircraft maintenance	**7**	9
Administration and management	**67**	39
Ground and flight operations	**35**	42
	211	291

The aggregate payroll costs of the above were:	**Year ended 31 December 2017 US$'000**	Year ended 31 December 2016 US$'000
Wages and salaries	**8,318**	19,451
Social security costs	**983**	1,685
Share based payments (Note 22)	**579**	665
Total staff costs	**9,880**	21,801

The aggregate remuneration of the Directors in the year was:	**Year ended 31 December 2017 US$'000**	Year ended 31 December 2016 US$'000
Wages and salaries	**793**	2069
Fees	**180**	17
Bonuses	**-**	-
Benefits	**14**	35
	987	2,121

The remuneration of the highest paid Director was US$410,000 (2016: US$631,000). The remuneration of the Directors can be found on page 25.

7. Finance income and expense

	Year ended 31 December 2017 US$'000	Year ended 31 December 2016 US$'000
Finance income		
Interest received on short term deposits	**26**	30

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Notes to the Group financial statements

Other	**2,892**	
	2,918	30
Finance expenses		
Foreign exchange impact on cash balances	**1,241**	946
Loan note interest	**436**	213
Late payment charges	**-**	393
Other	**339**	391
	2,016	1,943

8. Tax

	Year ended 31 December 2017 US$'000	Year ended 31 December 2016 US$'000
Current tax expense:		
Current tax for the year	**96**	175
	96	175
Tax expense in income statement	**96**	175
Total tax expense	**96**	175

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

	Year ended 31 December 2017 US$'000	Year ended 31 December 2016 US$'000
Loss from continuing operations before tax	**(24,400)**	(67,488)
Profit from discontinued operations before tax	**-**	17,953
Loss before tax	**(24,400)**	(49,535)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19% (2016: 20%)	**(4,636)**	(9,907)
Current year losses for which no deferred tax has been recognised	**5,498**	16,605
Liquidation of fastjet Aviation BVI group	**-**	**(3,756)**
Foreign exchange not allowed	**(666)**	37
Income not chargeable to tax	**(262)**	(88)
Expenses not deductible for tax purposes	**67**	1,997
Utilisation of previously unrecognised losses	**-**	(89)
Effects of tax rates in foreign jurisdictions	**(1)**	(4,799)
Overseas turnover tax	**96**	175
Total current tax charge (including tax on discontinued operations)	**96**	175

Expenses not deductible for tax purposes include 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 2017 the Group had accumulated tax losses of approximately US$193m (2016: US$169m) available for offset against future taxable trading profits. The ability to utilise these tax losses is uncertain in some

Notes to the Group financial statements

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.

9. Loss per share

Loss per share is calculated by dividing the loss for the year 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.

The weighted average number of shares in issue during the period, adjusted for the share consolidations, was 396,475,117 (2016: 78,338,107). The loss for the purposes of basic earnings per share being the net loss attributable to the equity holders of the parent was US$24,496,067 for the Group (2016 restated: US$67, 663,386 loss continuing, and US$17,952,893 profit discontinued).

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.

10. Intangible assets

	AOCs US$'000	Brands US$'000	Computer software US$'000	Total US$'000
Cost				
At 31 December 2015	5,462	11,764	612	17,838
Additions	-	-	82	82
Disposals	-	-	(141)	(141)
At 31 December 2016	5,462	11,764	553	17,779
Additions *	-	2,500	309	2,809
Disposals	-	(11,764)	-	(11,764)
At 31 December 2017	**5,462**	**2,500**	**862**	**8,824**
Amortisation and Impairment				
At 31 December 2015	5,462	11,764	125	17,351
Impairment	-	-	141	141
Disposals	-	-	(141)	(141)
Charge for the year	-	-	116	116
At 31 December 2016	5,462	11,764	241	17,467
Disposals	-	(11,764)	-	(11,764)
Charge for the year	-	-	200	200
At 31 December 2017	**5,462**	**-**	**441**	**5,903**
Net carrying amount				
At 31 December 2017	**-**	**2,500**	**421**	**2921**
At 31 December 2016	-	-	312	312
At 31 December 2015	-	-	487	487

Indefinite life intangible assets considered significant in comparison to the Group's total carrying amount of such assets have been allocated to cash generating units or groups of cash generating units as follows:

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Notes to the Group financial statements

Indefinite life Intangible asset	**Year ended 31 December 2017 US$'000**	Year ended 31 December 2016 US$'000
fastjet Plc	**2,500**	-
	2,500	-

The recoverable amount of fastjet Plc has been calculated with reference to its value in use. The key assumptions of this calculation are shown below:

Key Assumptions	**Year ended 31 December 2017**	Year ended 31 December 2016
Period in which management forecasts are based	2018 - 2021	
Growth rate applied beyond approved forecast period	4%	-
Discount Rate	16%	

The recoverable amount of the group has been measured based on value in use, using a discounted cash flow method. Cash flow projections are based on the business plan approved by the board covering a two-year period. Cash flows beyond the two-year period are projected to increase in line with the long-term growth rate of the main economies in which fastjet operates. The pre-tax discount rate applied to the cash flow projections is derived from the Group's post-tax weighted average cost of capital, adjusted for the risks specific to the assets.

Air Operators Certificate
An impairment review was conducted in respect of 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 2017.

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Notes to the Group financial statements

11. Property, plant and equipment

	Fly 540 Angola CGU US$'000	Aircraft US$'000	Leased aircraft US$'000	Property US$'000	Plant and machinery US$'000	Fixtures and equipment US$'000	Motor vehicles US$'000	Total US$'000
Cost								
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 currency difference	-	-	-	-	-	3	-	3
At 31 December 2016	-	-	-	148	240	696	45	1,129
Additions	-	-	42,043	-	2	-	-	42,045
Disposals	-	-	-	-	(13)	(16)	(25)	(54)
At 31 December 2017	**-**	**-**	**42,043**	**148**	**229**	**680**	**20**	**43,120**
Depreciation and impairment								
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						(5)		
Impairment for the year	(14,915)	(1,000)	-	-	-	-	-	(15,920)
At 31 December 2016	-	-	-	43	185	409	27	664
Charge for the year	-	-	-	31	51	91	10	183
Disposals	-	-	-	-	(9)	(14)	(26)	(49)

Notes to the Group financial statements

At 31 December 2017	**-**	**-**	**-**	**74**	**227**	**486**	**11**	**798**
Net carrying amount								
At 31 December 2017	**-**	**-**	**42,043**	**74**	**2**	**194**	**9**	**42,322**
At 31 December 2016	-	-	-	136	108	409	20	465
At 31 December 2015	5,000	12,665	-	4	88	400	37	18,338

The leased aircraft with a cost of US$42.043m held under a finance lease act as security for the finance lease obligation.

12. Other Financial Assets

	Year ended 31 December 2017 US$'000	Year ended 31 December 2016 US$'000
Call Option asset	**6,391**	-
Contract asset	**4,609**	
	11,000	-

On the 29th of September 2017, as part of the funding exercise, the Company entered into a number of agreements with Solenta Aviation Holdings Limited ("SAHL") to support its growth initiatives. The agreements included:

Restraint of trade agreement ("RTA") - Solenta Aviation Holdings Limited ("SAHL"), the main shareholder of Federal Airlines (Pty) Limited ("Fedair") and Solenta Aviation Mozambique Limitada, entered into a restraint of trade agreement ("RTA") in favour of fastjet pursuant to which SAHL covenants that it will not (whether by itself, a connected person, subsidiary or affiliate), for a period of 5 years from the date of the RTA, carry on or be engaged or interested in the carriage of passengers by air and/or any business which would be in competition with the Company's activities in the Republic of South Africa, Tanzania, Zimbabwe and Mozambique.

Brand licence agreement – with Federal Airlines (Pty) Ltd ("Fedair"). The Agreement allows Fedair to use the Fastjet brand for a period of 5 years in return for an 8% royalty income from Fedair's future revenues. The agreement also provides the Company with the ability to appoint one Director to the Board of Fedair.

Option agreement - Parrot Aviation Proprietary Limited ("Parrot"), a joint venture company in which the Company has a 25% equity interest and Rashid Wally, the Company's Chairman, has a 75% equity interest, has acquired a call option (the "Option") with the shareholders of Fedair which grants Parrot the option to call for 100% of the shares in Fedair at any time or to subscribe for the share capital of Fedair to the maximum extent

Notes to the Group financial statements

permissible under South African Aviation Legislation, subject to the necessary approvals from relevant governing authorities or regulators as and when appropriate. The Option, when exercised, will result in the payment of up to US$4.0m in cash, dependent on the net assets of Fedair as at the date of exercise of the Option. The shareholders of Parrot have entered into a shareholders' agreement to regulate their relationship as shareholders of Parrot and matters incidental thereto. As noted on page 66 the company has a right to purchase the 75% interest held by the company's chairman for a nominal value.

Loan agreement – between Parrot and Fedair under which Parrot shall at some point in the future, subject to the acquision of Fedair, lend ZAR90.0m (US$6.8m) to Fedair at an interest rate to be mutually agreed for the purposes of expanding the fastjet brand within South Africa and funding its working capital and liquidity requirements (or any other purpose agreed between the parties). The loan agreement contains certain reserved matters to protect the interests of Parrot, as well as the right for Parrot to appoint two directors to the board of Fedair. In addition, the shareholders of Fedair have given certain non-compete and non-solicitation covenants for a period of five years, within the jurisdiction of the Republic of South Africa. The loan will be secured by share pledges from the shareholders of Fedair.

The above agreements provide the Company with the ability to acquire Fedair following the exercise of the option agreement (which has not been exercised as at 31 December 2017) which is subject to the necessary approvals from authorities. The accounting treatment has linked the transactions, as the commercial effect designed to be achieved to gain control of Fedair requires all agreements, and the agreements are not economically justified on their own.

A valuation of Fedair as it existed before these agreements were entered into has been completed on a Discounted Cash flow method, with a valuation of approximately US$15m. However, as the royalty agreement referred to above is potentially onerous, the value of Fedair will have subsequently reduced. The consideration paid to date by the issue of shares to the value of $11m with a further $4m payable under the exercise of the option agreement. The company fully intends to exercise its option to purchase Fedair in the coming months. The consideration paid/payable together with the off-market element of the royalty agreement is considered to be in respect of the acquisition of Fedair. The RTA is not considered to have a significant value. The $11m has therefore been allocated to the option and the contract asset arising on the royalty agreement, on a fair value basis.

13. Trade and other receivables

	Year ended 31 December 2017 US$'000	Year ended 31 December 2016 US$'000
Trade and other receivables due after more than one year:		
Other receivables	-	780
	-	780
Trade and other receivables due within one year:		
Trade receivables	**1,557**	4,135
Prepayments and accrued income	**1,262**	1,618
Other receivables	**3,620**	5,082
	6,439	10,835

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Notes to the Group financial statements

Movement in allowance for doubtful debts

	Trade Receivables US$'000
At 31 December 2016	1,262
Provision made during the year	2,486
Debts written off during the year	(2,616)
Foreign currency difference	-
At 31 December 2017	**1,132**

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

	Year ended 31 December 2017 US$'000		Year ended 31 December 2016 US$'000	
	Gross	**Impairment**	Gross	Impairment
Not past due	**1,300**	-	2,455	-
Past due (0-60 days)	-	-	1,278	-
More than 60 days	**1,132**	**(1,132)**	1664	(1,262)
	2,432	**(1,132)**	5,397	(1,262)

The average period taken on trade receivables is 14 days (2016: 21 days). No interest is charged on receivables.

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

14. Trade and other payables

Trade and other payables – non-current	**Year ended 31 December 2017 US$'000**	Year ended 31 December 2016 US$'000
Other payables	-	1,558
	-	1,558

Creditors due after more than one year at 31 December 2016 refer to the net present value of liabilities under the Brand Licence Agreement with easyGroup Holdings Limited. In 2017, fastjet purchased the brand outright from easyGroup Holdings Limited for $2.5 million which has been recorded as an intangible asset.

Trade and other payables – current	**Year ended 31 December 2017 US$'000**	Year ended 31 December 2016 Restated US$'000
Trade payables	**3,038**	8,362
Other taxation and social security	**1,871**	4,225
Other payables	-	583
Deferred income	**2,524**	2,065
Accruals	**16,615**	12,274
VAT	**1,937**	-
	25,984	27,509

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Notes to the Group financial statements

15. Provisions- Onerous support agreements

	Year ended 31 December 2017 US$'000	Year ended 31 December 2016 US$'000
Opening balance	**3,784**	-
Charged to income statement	**-**	3,784
Utilised during the year	**(3,784)**	
Closing balance	**-**	3,784

As at 31 December 2016 the Group provided for the present value of the estimated costs under onerous maintenance contracts in the Tanzania and Zimbabwe operations for aircraft that were not in service. These contracts have now expired and the provision was accordingly utilised during 2017.

16. Cash and cash equivalents

	Year ended 31 December 2017 US$'000	Year ended 31 December 2016 US$'000
Petty cash	**116**	-
Bank Balances	**19,963**	3,607
Cash and cash equivalents in the consolidated balance sheet	**20,079**	3,607
Cash and cash equivalents in the statement of cash flows*	**20,079**	3,607

* Zimbabwe cash included in the balance is US$5.6m which is restricted for use mainly within the country. Access to foreign exchange in Zimbabwe at present is challenging due to current economic circumstances. The Group continues to monitor the situation.

17. Loans and other Borrowings

	Year ended 31 December 2017 US$'000	Year ended 31 December 2016 US$'000
Non-current		
4% loan notes issued by fastjet Airlines Limited	7,577	8,102
Current		
4% loan notes issued by fastjet Airlines Limited	1,107	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 a current and non-current liabilities for fastjet Tanzania. The loan notes term are for a period of 10 years and accrue interest annually at 4%. The first repayment was made in October 2017 the last repayment is due on 1 April 2027.

Notes to the Group financial statements

18. Finance lease obligations

Year Ended 31 December 2017	**Future minimum lease payments US$'000**	**Interest US$'000**	**Present value of future lease payments US$'000**
Less than one year	5,175	1,757	3,418
Two to five years	20,700	4,833	15,867
More than five years	12,761	950	11,811
Total	**38,636**	**7,540**	**31,096**

Average interest rate for the 3 ATR72-600 aircraft is 4.7%

Year ended31 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	-	-	-

Security is held over the leased aircraft of $42m

19. 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	1035,890	94,290	145,324
Shares issued		425,650	-	-	4,257	5,428
Warrants exercised	-	7	-	-	-	-
At 31 December 2017	**-**	**522,407**	**9,313**	**1,035,890**	**98,547**	**150,752**

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.

On 8 August 2016, the Company's existing ordinary shares of £1 each were consolidated 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.

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Notes to the Group financial statements

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 (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.

On 5 January 2017, 143,449,794 new ordinary shares of 1 pence each were issued at 16.3 pence per share by way of a placing to new and existing institutional and other investors and fastjet management, raising gross proceeds of £23m (US$29m).

On 5 January 2017, 95,633,199 new consideration shares were issued to Solenta Aviation Holdings Limited at 16.3 pence per share with a value of £16m (US$19m). See note 22 for further details.

On 21 September 2017, 124,018,276 new ordinary shares of 1 pence each were issued at 20 pence per share by way of placing to new and existing institutional and other investors, raising gross proceeds of £25 million (US$31m).

On 21 September 2017, 41,044,777 new shares were issued with a value of US$11m in exchange for an option to purchase Federal Airlines Proprietary Limited shares. See note 12 for the details relating to the call option.

In aggregate issues of shares raised proceeds net of expenses of US$59m (2016: US$19.221m)

Reconciliation of outstanding share warrants

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

	Year ended 31 December 2017		Year ended 31 December 2016	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
Outstanding at beginning of the year	31,277,942	£0.34	1,102,891	£7.04
Granted	1,434,498	£0.315	30,325,508	£0.315
Exercised	(7,764)	£0.315	(2,679)	£0.315
Lapsed	-	-	(147,778)	£44.98
Outstanding at end of the year	32,704,676	£0.34	31,277,942	£0.34

Included in the analysis above are warrants that have been issued to WH Ireland Limited, Liberum Capital Limited and Sanlam Securities UK Limited as part consideration of their fees in respect of share placings.

20. Treasury shares

Treasury shares are shares in fastjet Plc that are held by the fastjet Plc Employee Benefit Trust.

	Number of Shares	**US$'000**
At 31 December 2016	-	-
Shares issued during the year	21,504,112	288
At 31 December 2017	**21,504,112**	**288**

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Notes to the Group financial statements

On the 28th September 2017, Company established an Employee Benefit Trust that is designed to fully align the medium to long-term interest of the management team with that of shareholders. The trust subscribed to 21,504,112 fastjet shares at £0.01 per share. On 18 October 2017, upon placing the shares, the Company loaned the Trust $288k to fund the purchase of the shares.

21. Subsidiaries

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

			Voting rights held	
Name	**Country of Incorporation**	**Activity**	**2017**	2016
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%
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 Mozambique	Mozambique	Airline Services	99.25%	-
Parrot Aviation	South Africa	Dormant	25%	-
Aircraft and facilities Limited	British Virgin Islands	Holding Company	100%	-

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

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

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.

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Notes to the Group financial statements

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 registered office of Fastjet Africa Limited is AMR Office Park, 3 Concorde East Road, Johannesburg, Gauteng, South Africa.

The registered office of fastjet Mozambique is No 165, Jose Sidumo Road, Beirro Central, Urban District 1, Maputo, Mozambique.

The registered office for Aircraft and Facilities Limited is Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands.

The registered office for Parrot Aviation Proprietary Limited is AMR Office Park, 3 Concorde East Road, Johannesburg, Gauteng, South Africa.

All subsidiaries of the Group are shown above.

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.

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Notes to the Group financial statements

fastjet Zimbabwe Limited, fastjet Zambia Limited and fastjet Kenya 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.

fastjet Zimbabwe Limited, fastjet Zambia Limited and fastjet Kenya Limited are consolidated as subsidiaries in these financial statements. Although the Group holds less than 50% 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.

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”). This interest ceased on the appointment of a Liquidator to fastjet Aviation Limited which held the investment on 6 June 2016. Consequently, the results of Fly 540 Angola are disclosed as a discontinued business as set out in in Note 3.

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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 and the Interest ceased to be consolidated (see note 3).

Parrot Aviation

In the current year, fastjet acquired a 25% equity interest in Parrot Aviation for consideration of US$2.5m. The remaining 75% equity was taken up by the Group Chairman, Rashid Wally.

Under the terms of the arrangement, Rashid Wally has agreed to sell his interest in Parrot Aviation to such other investors at such price and on such terms as may be specified by fastjet Plc. Each of the Parrot shares which has not been transferred by the Rashid Wally to a subsequent 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 Shares.

Parrot Aviation is consolidated as a subsidiary in these financial statements. Although the Group holds less than 50% of the voting rights in the entity, it controls the management, operations and distributions through contractual agreements as well as its shareholding. Consequently there is no adjustment for non-controlling interest.

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Notes to the Group financial statements

22. Share based payments

Employee Share Options

The Company has issued various options and warrants. Share options have been issued to Directors and employees as part of their remuneration and incentive packages.

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.

Grant date of Options granted to Directors	Number of options granted*	Vesting Conditions	Contractual life of options**
On 13 June 2012	3,000	Completing reverse take over	13.06.12 to 13.06.22
On 13 June 2012	20,000	20 million passengers in proceeding 12 months	13.06.12 to 13.06.17
Options granted to Directors and employees on 1 April 2015	3,256,811	Approval of proposed funding announced by the Company on 1 April 2015 by the Company in a general meeting by 20 April 2015.	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.

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

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Notes to the Group financial statements

Reconciliation of outstanding share options

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

	31 December 2017		31 December 2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of the year	4,819,811	£1.357	3,527,206	£4.86
Granted	-	-	1,922,607	£0.315
Lapsed	(40,000)	£50	(630,002)	£17.81
Outstanding at end of the year	4,779,811	£0.95	4,819,811	£1.357

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

The share options outstanding at 31 December 2017 have an exercise price in the range of £0.315 to £44.78 (2016: £0.315 to £50.00) and a weighted average contractual life of 7.7 years (2016: 8.7 years).

Expense recognised in the profit or loss

	Year ended 31 December 2017 US$'000	Year ended 31 December 2016 US$'000
Total expense recognised for equity-settled share-based payments	**579**	665

Solenta Share Based Payment

On 5 January 2017, fastjet entered into an agreement with Solenta Aviation Holdings Limited ('SAHL"). As part of the agreement SAHL were issued 95.6 million new ordinary shares in exchange for supply of aircraft for five years. Each flying hour is in exchange for part cash and part draw down of the shares which are held in escrow. This agreement resulted in SAHL becoming a 28% shareholder of fastjet at the time.

As at 31 December 2017, the following represents the number of shares and amount of services still to be provided by SAHL in exchange for fastjet shares.

	Year ended 31 December 2017 Number of Shares	Year ended 31 December 2017 US$'000
At 31 December 2016	-	-
Shares Granted	95,633,199	19,224
Services received during the year	(13,197,087)	(2,653)
At 31 December 2017	**82,436,112**	**16,571**

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Notes to the Group financial statements

23. 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.

Foreign currency exchange risk management

The Group operates in several African currencies and so is exposed to some exchange rate risk. There is a 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 at spot prices. However, aviation fuel prices can be highly volatile.

Interest rate risk management

Operating lease rentals,4% loan notes and finance lease liabilities are at fixed rates of interest

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 13 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.

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Notes to the Group financial statements

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:

At 31 December 2017	**Financial assets at fair value through profit and loss**	**Amortised cost loans and receivables US$'000**	**Amortised cost financial liabilities US$'000**	**Other* US$'000**	**Carrying value US$'000**	**Fair value US$'000**
Trade and other receivables	-	4,920	-	1,519	6,439	6,439
Financial assets	11,000	-	-	-	-	11,000
Cash and cash equivalents	-	20,079	-	-	20,079	20.079
Trade and other payables	-		(23,461)	(2,524)	(25,984)	(25,984)
Loans and borrowings	-	-	(8,684)		(8,684)	(8,684)
Obligations under finance leases	-	-	(31,096)	-	(31,096)	(31,096)
Tax liability	-	-		(99)	(99)	(99)

At 31 December 2016 Restated	Financial assets at fair value through profit and loss	Amortised cost loans and receivables US$'000	Amortised cost financial liabilities US$'000	Other * US$'000	Carrying value US$'000	Fair value US$'000
Trade and other receivables	-	9,217	-	1,618	10,835	10,835
Cash and cash equivalents	-	3,607	-	-	3,607	3,607
Financial assets	-	-	-	-	-	-
Trade and other payables	-		(25,444)	(2,065)	(27,509)	(27,509)
Provisions	-			(3,784)	(3,784)	(3,784)
Loans and borrowings	-	-	(9,229)	-	(9,229)	(9,229)
Tax liability	-	-	-	(482)	(482)	(482)

* 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.

The following table analyses within the fair value hierarchy the financial assets measured at fair value at 31 December 2017;

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Financial assets at fair value through profit and loss:				
Option to purchase FedAir shares (see Note 12)	-	-	6,391	6,391
Contract asset			4,609	4,609
Total	-	-	11,000	11,000

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Notes to the Group financial statements

FedAir shares are not traded on an active market.

The option to purchase FedAir shares and contract asset were classified in level 3. The fair value has been estimated using a discounted cash flow valuation model based on assumptions that are not supported by observable market prices or rates. The valuation required management to make estimates about the expected future cash flows. Management believe that the estimated values resulting from the valuation technique included are reasonable and that they were the most appropriate values.

Below is a summary of the significant unobservable inputs to the valuation of this financial asset:

Period in which management forecasts are based	2018 - 2021
Discount Rate	15%

Sensitivity Analysis:
If these inputs to the valuation model were 1% higher / lower, while all other variables were held constant, the carrying amount of the option would not change at present.

1% decrease in the growth rate	No effect on fair value
1% increase in the discount rate	No effect on fair value

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 2017	**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**
Obligations under finance leases	31,096	37,601	5,175	4,140	16,560	12,761
Trade payables	3,038	3,038	3,038	-	-	-
Other payables	21,108	21,108	21,108	-	-	-
Loans and borrowings	8,684	12,945	1,521	1,477	5,466	4,481
Tax liability	99	99	-	-	-	-
Total	63,340	74,106	29,122	5,617	22,026	17,242

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

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.

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Notes to the Group financial statements

Interest rate risk

The interest profile of financial liabilities was as follows:

At 31 December 2017	Loans and borrowings	Finance Leases	Overdraft	Other financial liabilities	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Fixed interest	8,683	31,096	-	-	39,779
Total	8,683	31,096	-	-	39,779

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

Sensitivity analysis

Due to existing financial liabilities having fixed interest rates, the Group is not exposed to interest rate risks.

Currency risk

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

At 31 December 2017	Monetary assets US$'000	Monetary liabilities US$'000
Sterling	12,798	204
US Dollars	18,763	16,537
Tanzanian Shilling	3,248	13,311
Zambian Kwacha	35	5
South African Rand	1,667	31,677
Euro	235	128
Mozambican metical	416	1,218
Kenyan Shilling	51	-
	37,213	63,080

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Notes to the Group financial statements

At 31 December 2016	Monetary assets US$'000	Monetary liabilities US$'000
Sterling	811	999
US Dollars	7,715	28778
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

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

Sensitivity analysis

A 10% percent weakening of the following currencies against the US$ at 31 December 2017 would have increased (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for 31 December 2016.

	10% increase in currency Impact on profit before tax		**10% decrease in currency Impact on profit before tax**	
	Year ended 31 December 2017 US$'000	Year ended 31 December 2016 US$'000	**Year ended 31 December 2017 US$'000**	Year ended 31 December 2016 US$'000
Sterling	(1 ,145)	17	1, 145	(17)
Tanzanian Shilling	915	450	(915)	(450)
Zambian Kwacha	(3)	(7)	3	7
South African Rand	2, 728	86	(2, 728)	(86)
Euro	(10)	12	10	(12)
Mozambican metical	73	-	(73)	-
Kenyan Shilling	(5)	-	5	-

24. 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:

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Notes to the Group financial statements

	Aircraft US$'000	**Property US$'000**	**Total US$'000**
At 31 December 2017			
Less than one year	5,220	268	5,488
One to five years	19,395	634	20,029
More than five years	12,150	-	12,150
	36,765	902	37,667

	Aircraft US$'000	Property US$'000	Total US$'000
At 31 December 2016			
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

25. Reconciliation of liabilities arising from financing activities

	1 January 2017 – cost	**Repayment of borrowings**	**New finance leases**	**Fair value changes**	**31 December 2017**
Loan Notes - See note 17	9,229	(277)		(268)	8,684
Finance Lease Obligation	-	-	31,096	-	31,096

26. Contingent liabilities

No contingent liabilities existed at 31 December 2017 or 31 December 2016.

27. Related Parties

The Group has related party relationships with its subsidiaries (see Note 21).

Solenta

Solenta Aviation Holdings Limited (SAHL) is currently a 29.9% shareholder in fastjet and provides aircraft leasing and related services to the Group. During 2017, fastjet entered into an option to purchase FedAir, brand licence agreement, restraint of trade and loan agreement with SAHL, further explained in note 12. The amounts included in the balance sheet, for these items are as follows:

	Year ended 31 December 2017 US$'000	Year ended 31 December 2016 US$'000
Current Assets		
Other financial assets-	11,000	-
Current Liabilities		
ATR accrual	10,946	-
Accruals	512	
Trade payables	301	
Equity		
Equity-settled share based payment transactions	16,571	-

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Notes to the Group financial statements

The amounts included in the Income Statement in relation to transactions with Solenta during the year were as follows;

	Year ended 31 December 2017 US$'000	Year ended 31 December 2016 US$'000
Aircraft operating lease expense	**8,142**	-

Liberum Capital Limited

Liberum is fastjet's nominated advisor and currently holds a 7.39% shareholding in fastjet. The following were the transactions that took place between Liberum and fastjet during the year:

	Year ended 31 December 2017 US$'000	Year ended 31 December 2016 US$'000
Professional and Capital raise fees	**4,317**	1,307

Directors

Directors are considered to be related parties, further information of which can be found on pages 22 – 26 of the Director's Report.

Transactions with subsidiaries

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

28. Events after the balance sheet date

ATR Letter of Intent and Memorandum of Understanding (MoU)

On 29 September 2017 the Company entered into a Letter of Intent ("LOI") with ABRIC Leasing Limited, a member of the ACIA Aero Capital Group of Companies ("ACIA"), to provide fastjet with access to three ATR72 by way of a 10-year lease, together with an option to purchase these three aircraft. The exercise of the option to purchase is subject to approval by Export Development Canada ("EDC") as ultimate owner of the ATR72s. The three aircraft are valued at approximately US$42m in aggregate, with outstanding debt at the end of 2017 of approximately US$30m, repayable in quarterly instalments over the next nine years. Under the terms of the LOI, fastjet has, post year end, paid ACIA an option deposit of approximately US$11m ("ATR Purchase Option Deposit"), for the purpose of acquiring the economic rights to the three aircraft (as explained in the circular to shareholders dated 2nd October 2017).

Post year end, EDC has indicated its approval in principle to the proposed transaction, subject to due diligence and legal documentation, and accordingly fastjet has agreed to exercise its option to purchase the ATR72s and for this purpose to enter into a Memorandum of Understanding ("MoU") with ACIA and its associated companies to implement the proposed transaction.

In accordance with the MoU:

- fastjet provides notice of its exercise of the option to purchase the aircraft, by means of a novation of the existing head-lease held by ACIA, subject to final EDC approval;

Notes to the Group financial statements

- In the event that EDC fails to provide the requisite approval, ACIA and fastjet will seek to put in place an appropriate sub-lease arrangement instead, providing substantially the same economic benefits to fastjet; and
- Following service of formal notice, the parties will have 90 days in which to complete the novation or sub-lease arrangements and, in the event that neither occurs, fastjet shall, subject to certain conditions, have a right of refund of the ATR Purchase Option Deposit.

Shareholder loan facility agreement ("the Facility")

On 4th April 2018 the Company entered into a US$12m loan facility agreement with Solenta Aviation Holdings Limited (SAHL, a related party) to fund the exercise of the Company's option over the three ATRs with the balance to be used for general working capital purposes. The salient terms of the Facility are as follows:

- The Facility is for a loan of upto US$12m to be provided by SAHL to fastjet;
- An interest Rate of (i) the higher of US$ 30-day LIBOR plus 6.45% pa or 8% pa until 30 June 2019, and (ii) from 1 July 2019, the higher of US$ 30-day LIBOR plus 8.45% pa or 10% pa;
- Repayment of the loan by either (at fastjet's election) bullet repayment in full on 30 June 2019 or eight quarterly instalments of 12.5% of the loan, commencing 29th March 2019 and concluding 28th December 2020;
- Drawdown of the Facility is available until 30th April 2018, or such later date as the parties may agree and subject first to satisfying certain conditions precedent including execution and delivery of security for the Loan. Fastjet has now fully drawn down this loan facility;
- The required security for the loan comprises security over certain key material assets of the fastjet Group including the fastjet trademarks, the majority interest in the shares held by the Group in fastjet Zimbabwe Limited, the shares to be acquired by the Group in Federal Airlines (Pty) Limited ("FedAir") (if and when acquired), and the economic rights of the Group to be acquired in the three ATRs;
- The security includes an SAHL right to nominate directors to the boards of FedAir and fastjet Zimbabwe Limited together with an additional director to the board of fastjet Plc (such nominated individuals in each case to constitute a minority of directors of the respective boards of the companies).
- fastjet has utilised the Facility, principally for the purpose of the payment of the ATR Purchase Option Deposit of approximately US$11m. fastjet's rights of refund of the ATR Purchase Option Deposit prescribed under the MOU may be offset against capital payments under the Facility;
- SAHL was entitled to a fee of US$240,000 on the date of drawdown of the Facility; and
- The Facility agreement includes standard representations, warranties and events of default, including restrictions on future borrowing and security (subject to exceptions).

Loan swap arrangement

The Company has entered into unsecured loan agreements with third parties, Annunaki Investments (Private) Limited ("Annunaki") and SSCG Africa Holdings ("SSCG"), in order to make available a portion of the Group's restricted cash held within Zimbabwe. The loans are on commercial terms, for a period of six months and allow fastjet to lend US$5m cash from fastjet Zimbabwe to Annunaki at 4% in return for a US$2m loan to fastjet from SSCG for 6% for general working capital purposes across the Group. The intention is that each of the loans are repaid at the end of the six months unless the term is extended by mutual agreement by all of the parties.

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Parent Company balance sheet

	Note	Year ended 31 December 2017 US$'000	Year ended 31 December 2016 US$'000
Assets			
Investments	4	-	-
Intangible assets	5	**2,620**	**305**
Fixed assets	6	-	**53**
		2,620	**358**
Current assets			
Cash at bank and in hand		**13,723**	**1,615**
Trade & Other receivables	7	**2,017**	**3,414**
Other financial assets	8	**11,000**	-
		26,740	**5,029**
Creditors: amounts falling due within one year	9	**(12,900)**	**(3,182)**
Net current assets		**13,840**	**1,847**
Total assets less current liabilities		**16,460**	**2,205**
Creditors: amounts falling due after more than one year	10	-	**(1,558)**
Net assets		**16,460**	**647**
Capital and reserves			
Called up equity share capital	11	**150,752**	**145,324**
Equity-settled share based payment		**(16,571)**	-
Share premium account		**209,216**	**127,185**
Treasury shares	13	**(288)**	-
Profit and loss account		**(326,649)**	**(271,862)**
Shareholders' funds		**16,460**	**647**

These financial statements were approved and authorised for issue by the Directors on 29 June 2018 and are signed on their behalf by:

Rashid Wally
Director

Parent Company statement of changes in equity

	Share Capital US$'000	Share premium US$'000	Equity-settled share based payment US$'000	Treasury shares	Retained earnings US$'000	Total equity US$'000
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**
Shares issued	5,428	82,031	(19,224)	(288)	-	67,947
Shares services rendered	-	-	2,653	-	-	2,653
Share based payments	-	-	-	-	579	579
Transactions with owners	5,428	82,031	(16,571)	(288)	579	71,179
Loss for the year	-	-	-	-	(55,366)	(55,366)
Balance at 31 December 2017	**150,752**	**209,216**	**(16,571)**	**(288)**	**(326,649)**	**16,460**

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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 capital management
- The effects of new but note yet effective IFRS's
- 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.
- 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 disclosure 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 has in recent years operated at a loss and incurred a further operating cash outflow during 2017. However, the completion of the Stabilization Plan which commenced in August 2016, referred to in the Strategic Report enabled the Group to reduce costs and report lower 2017 post tax loss of US$24.5m, representing a 64% reduction on the prior year pre-discontinued operations. A full year of the cost reduction benefits of the plan will be recognised in 2018. The cost base of the group is now at an appropriate level to be able to cater for the expected increase in trading operations as noted below.

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Notes to the Parent Company financial statements

The 2018/2019 detailed cash flow forecasts prepared by the Directors for the period ended 31 December 2019 include the commencement of operation of the three owned ATR72 aircraft following completion of the entry into service checks. With the introduction into service of the additional aircraft several new routes will be launched through September 2018. As the aircraft are already owned the introduction of the new routes will only increase costs by the necessary incremental costs of running the routes, for example fuel costs and ground handling. As a result following the successful implementation of the routes the group expects to be cash positive As at 18 June 2018, the Group had cash balances of US$3.3m. The board can also confirm that it has received non-binding indications of interest from existing and potential investors to invest, in aggregate, not less than US$10m in exchange for the issue of ordinary shares and this is expected to take place immediately following approval of these financial statements. The cash is expected to be received 5 working days after the announcement of the equity raise which the Directors believe will provide the appropriate working capital for the Group until the introduction of the new routes in September 2018. Whilst the Directors consider that there are material risks associated with the 2018 / 2019 forecasts, they believe that these forecasts are achievable.

The key assumptions applied by the Directors in the preparation of the detailed cash flow forecasts, which form the basis of this forecast, are:

Revenue

- Load factors reach 74% by Q4 2018 due to the following factors:
    - Entry into service of the 3 ATR's in September 2018;
    - Better connectivity from both frequency and new routes (part of the Stabilisation Plan);
    - Right gauge aircraft to better suit individual markets and routes (part of the Stabilisation Plan);
    - Active revenue management, including the introduction of several new initiatives;
    - Focused, country centric marketing by the commercial teams.

- Based on the above, the year on year increase in passenger numbers is expected to be 50%, mainly as a result of:
    - 2018 will have an average of 6.3 aircraft compared with an average of 3.5 aircraft in 2017;
    - 2018 capacity offered will represent a 44% capacity increase on 2017; and
    - Increased commercial activity and focus

- Across all routes average fare increase for 2018/2019 of 18% arising from:
    - Increased frequency allowing for better connectivity;
    - A reduction in aircraft gauge thereby offering a better schedule; and
    - Improved revenue management, both centrally in the new South African head office and in local countries.

Operating Costs

- Cost savings embedded in the organisation during 2017 will continue to offer a benefit on an ongoing basis. These include:
    - The appointment of a new fuel supplier, with associated better rates, enabling unit cost savings of circa 3%;
    - The appointment of a new ground handler at Johannesburg airport, with additional savings negotiated at all other airports;
    - The renegotiation of maintenance and wheels, tyres and brakes contracts in Tanzania;
    - The full year effect of the relocation of fastjet's head office from Gatwick to Johannesburg, with ongoing head office cost savings of around 30%; and
    - A continued focus on cost containment and the tightening of appropriate expenditure approvals procedures.

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Notes to the Parent Company financial statements

- Higher costs arising from capacity increases applying to activity related costs such as:
    - Fuel
    - Maintenance
    - Landings and Parking
    - Overflight charges
    - Passenger handling charges

Other operational and cost assumptions within the cash flow forecast include:

- Bulawayo route to commence flying by latest November 2018;
- ATR carrying costs until entry into service, assumed to be during the third quarter of 2018;
- Entry into service costs for the ATR's (pilots, training, regulatory, stock pool);
- Anticipated first year start-up losses in Mozambique;
- 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; and
- 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 considered a number of risks in preparing these forecasts including *inter alia*:

- Not achieving forecast passenger numbers and load factors;
- An increase in aviation fuel prices, which are currently not hedged;
- Adverse currency exchange rate movements;
- Ability to successfully remit cash from Zimbabwe;
- Ability to obtain short term financing facilities;
- Entry into service delay in respect of new aircraft and new routes; and
- Completion of the imminent equity raise

The Directors believe, on the basis of current financial projections, funds available and expected to be made available and based on the Group meeting its forecast, including the introduction into service of the three aircraft and the successful implementation of the new routes, the Group will have sufficient resources to meet its operational needs over the relevant period, being until December 2019. Accordingly, in preparing these Financial Statements, the Directors continue to adopt the going concern basis. However, the headroom over available cash resources is minimal and the projections are very sensitive to any assumptions not being met. The Group is also dependent upon the uptake of the imminent equity raising and receipt of cash from the equity issue securing not less than $10m.

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

Notes to the Parent Company financial statements

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.

Derivative financial instruments

Derivatives embedded in other financial instruments or other non- financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.
Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.
Derivatives are classified as financial assets at fair value through profit or loss.
When the company purchases and option, an amount equal to the fair value which is based on the premium paid is recorded as an asset.
Subsequent to initial recognition, derivatives are measured at fair value with changes in fair value recognised in profit and loss in the period in which they arise.

Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities price. Options held by the group are exchange traded. The group is exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value.

The company purchased an option to purchase FedAir shares. Further details of the call option agreement are included in Note 8.

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Notes to the Parent Company financial statements

Intangible assets

Intangible assets (other than goodwill) are recognised at cost less accumulated amortisation charges and any provision for impairment, or they are deemed to have an indefinite economic life and are not amortised but

tested annually for impairment or more frequently, if events or changes in circumstances indicate the carrying value may not be recoverable.

Amortisation is charged on a straight-line basis, as follows:

Brand licence agreement	10 years
Software	4 years
Brand	Indefinite

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	10 years

Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating leases- lessee

Rental charges on operating leases are charged to the income statement on a straight-line basis over the life of the lease. A straight-line asset or liability is raised for the difference between the leased payment and the lease expense0. 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.

Operating Leases – Lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.
Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.
Income for leases is disclosed under revenue from rendering of services in profit or loss.

Pension costs

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Taxation

Tax Expense

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

• a transaction or event which is recognised, in the same or a different period, directly in other comprehensive income; or

• a business combination.

Current tax and deferred taxes are charged or credited directly to other comprehensive income if the tax relates

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Notes to the Parent Company financial statements

to items that are credited or charged in the same or a different period, to other comprehensive income.

Current tax assets and liabilities
Current tax for the period and prior periods is, to the extent unpaid, recognised as a liability. If the amount

already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.
Current tax liabilities (assets) for the period and prior periods are measured at the amount expected to be paid to (recovered) from the tax authorities, using tax rates (and tax laws) that have been enacted or substantively by the end of the reporting 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.

Treasury shares
Purchases of own shares (treasury shares), including the related costs, are deducted directly from equity in the Consolidated Financial Statements.

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

Notes to the Parent Company financial statements

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:

- Impairment of other intangibles (Note5). Other intangible assets, which are made up of the brand at US$2.5m are stated at cost and have an indefinite useful life, Impairment of the brand is assessed annually making use of the company's forecasts on a discounted cash flow method. There are a number of sensitivities on the forecasts that support the value of the intangible which are detailed within the going concern section on page 79.

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

- the recoverability of the call option asset valued at US$11 million. The group acquired a call option which grants fastjet an option to call for 100 % of the shares in Federal Airlines (Pty) Limited at any time or to subscribe for the share capital of Fedair. Management considers the capital asset to be recoverable based on the future discounted cash flows of Federal Airlines (Pty) Limited.

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	2015
	US$000	US$000
Directors' remuneration	**987**	2,121

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was US$410,000 (2016:US$631,000). For further details, see the directors' report on page 25.

No pension payments are made for Directors.

4. Investments

An impairment review was conducted in respect of the 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 2017.

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Notes to the Parent Company financial statements

5. Intangible assets

	Brands US$'000	Software US$'000	Total US$'000
Cost			
At 31 December 2015	11,764	459	12,223
Additions	-	82	82
At 31 December 2016	11,764	541	12,305
Additions	2,500	-	2,500
Disposals	**(11,764)**		**(11,764)**
At 31 December 2017	**2,500**	**541**	**3,041**
Amortisation and impairment charges			
At 31 December 2015	11,764	120	11,884
Amortisation for the year	-	116	116
Impairment	-	-	-
At 31 December 2016	11,764	236	12,000
Amortisation for the year	-	185	185
Disposals	**(11,764)**		**(11,764)**
At 31 December 2017	**-**	**421**	**421**
Net carrying amount			
At 31 December 2017	**2,500**	**120**	**2620**
At 31 December 2016	-	305	305

Indefinite life intangible assets considered significant in comparison to the Group's total carrying amount of such assets have been allocated to cash generating units or groups of cash generating units as follows:

Indefinite life Intangible asset	**Year ended 31 December 2017 US$'000**	Year ended 31 December 2016 US$'000
fastjet Plc	**2,500**	-
	2,500	-

The recoverable amount of fastjet Plc has been calculated with reference to its value in use. The key assumptions of this calculation are shown below:

Key Assumptions	**Year ended 31 December 2017**	Year ended 31 December 2016

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Notes to the Parent Company financial statements

Period in which management forecasts are based	2018 - 2021	
Growth rate applied beyond approved forecast period	4%	-
Discount Rate	16%	

The recoverable amount of the group has been measured based on value in use, using a discounted cash flow method. Cash flow projections are based on the business plan approved by the board covering a two-year period. Cash flows beyond the two-year period are projected to increase in line with the long-term growth rate of the main economies in which fastjet operates. The pre-tax discount rate applied to the cash flow projections is derived from the Group's post-tax weighted average cost of capital, adjusted for the risks specific to the assets.

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Notes to the Parent Company financial statements

6. Fixed assets

	Plant and Machinery US$'000	Fixtures and Fittings US$'000	Total US$'000
Cost			
At 31 December 2015	217	53	270
Additions	10	-	10
At 31 December 2016	227	53	280
Additions	-	-	-
At 31 December 2017	**227**	**53**	**280**
Amortisation and impairment charges			
At 31 December 2015	123	38	161
Charge for the year	53	13	66
	-	-	-
At 31 December 2016	176	51	227
Charge for the year	51	2	53
At 31 December 2017	**227**	**53**	**280**
Net carrying amount			
At 31 December 2017	**-**	**-**	**-**
At 31 December 2016	51	2	53

7. Debtors

	31 December 2017 US$'000	31 December 2016 US$'000
Debtors		
Amounts owed by Group undertakings	**-**	-
VAT debtor	**435**	264
Other debtors	**1,565**	2,979
Prepayments and accrued income	**17**	171
	2,017	3,414

Other debtors consist of deposits held by suppliers to the Company in relation to fuel, pilots' contracts and various other matters. Amounts owed by group undertakings are fully provided as shown below;

Amounts owed by Group undertakings	**195,675**	**141,363**
Provision for impairment	**(195,675)**	**(141,363)**
	-	**-**

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Notes to the Parent Company financial statements

8. Other Financial Assets

	Year ended 31 December 2017 US$'000	Year ended 31 December 2016 US$'000
Call Option asset	**6,391**	-
Contract asset	**4,609**	
	11,000	-

On the 29th of September 2017, as part of the funding exercise, the Company entered into a number of agreements with Solenta Aviation Holdings Limited ("SAHL") to support its growth initiatives. The agreements included:

Restraint of trade agreement ("RTA") - Solenta Aviation Holdings Limited ("SAHL"), the main shareholder of Federal Airlines (Pty) Limited ("Fedair") and Solenta Aviation Mozambique Limitada, entered into a restraint of trade agreement ("RTA") in favour of fastjet pursuant to which SAHL covenants that it will not (whether by itself, a connected person, subsidiary or affiliate), for a period of 5 years from the date of the RTA, carry on or be engaged or interested in the carriage of passengers by air and/or any business which would be in competition with the Company's activities in the Republic of South Africa, Tanzania, Zimbabwe and Mozambique.

Brand licence agreement – with Federal Airlines (Pty) Ltd ("Fedair"). The Agreement allows Fedair to use the Fastjet brand for a period of 5 years in return for an 8% royalty income from Fedair's future revenues. . The agreement also provides the Company with the ability to appoint one Director to the Board of Fedair.

Option agreement - Parrot Aviation Proprietary Limited ("Parrot"), a joint venture company in which the Company has a 25% equity interest and Rashid Wally, the Company's Chairman, has a 75% equity interest, has acquired a call option (the "Option") with the shareholders of Fedair which grants Parrot the option to call for 100% of the shares in Fedair at any time or to subscribe for the share capital of Fedair to the maximum extent permissible under South African Aviation Legislation, subject to the necessary approvals from relevant governing authorities or regulators as and when appropriate. The Option, when exercised, will result in the payment of up to US$4.0m in cash, dependent on the net assets of Fedair as at the date of exercise of the Option. The shareholders of Parrot have entered into a shareholders' agreement to regulate their relationship as shareholders of Parrot and matters incidental thereto. As noted above the company has a right to purchase the 75% interest held by the company's chairman for a nominal value.

Loan agreement – between Parrot and Fedair under which Parrot shall at some point in the future, subject to the acquision of Fedair, lend ZAR90.0m (US$6.8m) to Fedair at an interest rate to be mutually agreed for the purposes of expanding the fastjet brand within South Africa and funding its working capital and liquidity requirements (or any other purpose agreed between the parties). The loan agreement contains certain reserved matters to protect the interests of Parrot, as well as the right for Parrot to appoint two directors to the board of Fedair. In addition, the shareholders of Fedair have given certain non-compete and non-solicitation covenants for a period of five years, within the jurisdiction of the Republic of South Africa. The loan will be secured by share pledges from the shareholders of Fedair.

The above agreements provide the Company with the ability to acquire Fedair following the exercise of the option agreement (which has not been exercised as at 31 December 2017) which is subject to the necessary approvals from authorities. The accounting treatment has linked the transactions, as the commercial effect designed to be achieved to gain control of Fedair requires all agreements, and the agreements are not economically justified on their own.

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Notes to the Parent Company financial statements

A valuation of Fedair as it existed before these agreements were entered into has been completed on a Discounted Cash flow method, with a valuation of approximately US$15m. However, as the royalty agreement referred to above is potentially onerous, the value of Fedair will have subsequently reduced. The consideration paid to date by the issue of shares to the value of $11m with a further $4m payable under the exercise of the option agreement. The company fully intends to exercise its option to purchase Fedair in the coming months. The consideration paid/payable together with the off-market element of the royalty agreement is considered to be in respect of the acquisition of Fedair. The RTA is not considered to have a significant value. The $11m has therefore been allocated to the option and the contract asset arising on the royalty agreement, on a fair value basis.

9. Creditors: amounts falling due within one year

	31 December 2017 US$'000	31 December 2016 US$'000
Trade and other payables		-
Trade payables	**329**	1,608
Other payables	**40**	494
Accruals	**12,531**	1,080
	12,900	3,182

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

	31 December 2017 US$'000	31 December 2016 US$'000
Other payables	-	1,558

Creditors due after more than one year at 31 December 2016 refer to the net present value of liabilities under the Brand Licence Agreement with easyGroup Holdings Limited. In 2017, fastjet purchased the brand outright from easyGroup Holdings Limited for US$2,5million which has been recorded as an intangible asset.

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

	31 December 2017 US$'000	31 December 2016 US$'000
Between one and two years	-	**413**
Between two and five years	-	**1,028**
After five years	-	**117**
	-	**1,558**

11. 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	-	-

Notes to the Parent Company financial statements

Warrants exercised	-	2	-	-	-	-
Issued for cash	-	30,326	-	-	303	401
At 31 December 2016	-	96,750	9,313	1035,890	94,290	145,324
Consideration shares		158,182	-		1,582	2,599
Warrants exercised	-	8	-	-	-	-
Shares issued	-	267,468	-	-	2,675	2,829
At 31 December 2017	**-**	**522,408**	**9,313**	**1,035,890**	**98,547**	**150,752**

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.

On 8 August 2016, the Company's existing ordinary shares of £1 each were consolidated 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 (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.

On 5 January 2017, 143,449,794 new ordinary shares of 1 pence each were issued at 16.3 pence per share by way of a placing to new and existing institutional and other investors and fastjet management, raising gross proceeds of £23m (US$29m).

On 5 January 2017, 95,633,199 new consideration shares were issued to Solenta Aviation Holdings Limited at 16.3 pence per share with a value of £16m (US$19m). See note 24 for further details.

On 21 September 2017, 124,018,276 new ordinary shares of 1 pence each were issued at 20 pence per share by way of placing to new and existing institutional and other investors, raising gross proceeds of £25 million (US$31m).

On 21 September 2017, 41,044,777 new shares were issued with a value of US$11m in exchange for an option to purchase Federal Airlines Proprietary Limited shares. See note 13 for the details relating to the call option.

In aggregate, issues of shares raised proceeds (net of expenses) of US$57m (2016: US$19.221m)

12. Operating lease commitments

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

Aircraft	**2017 US$'000**	2016 US$'000
At 31 December 2017		
Less than one year	1,980	-
One to five years	6,435	-
More than five years	-	-

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Notes to the Parent Company financial statements

8,415	-

The Company leases three aircrafts from Solenta at an amount of $55,000 per month. There is no escalation Clause contained in any of the leases.

13. Treasury shares

Treasury shares are shares in fastjet Plc that are held by the fastjet Plc Employee Benefit Trust.

	Number of Shares	US$'000
At 31 December 2016	-	-
Shares issued during the year	21,504,112	288
At 31 December 2017	**21,504,112**	**288**

On the 28th September 2017, Company established an Employee Benefit Trust that is designed to fully align the medium to long-term interest of the management team with that of shareholders. The trust subscribed to 21,504,112 fastjet shares at £0.01 per share. On 18 October, upon placing the shares, the Company loaned the Trust $288k to fund the purchase of the shares.

14. Contingent liabilities

There are no material contingent liabilities at 31 December 2017 or 31 December 2016.

15. Related party transactions

Solenta

Solenta Aviation Holdings Limited (SAHL) is currently a 29.9% shareholder in fastjet and provides aircraft leasing and related services to the Company. During 2017, fastjet entered into an option to purchase FedAir, brand licence agreement, restraint of trade and loan agreement further explained in note 12. The amounts included in the balance sheet, for these items are as follows:

	31 December 2017 US$'000	31 December 2016 US$'000
Current Assets		
Other financial assets	11,000	-
Current Liabilities		
ATR accrual	10,946	-
Equity		
Share capital-services to be rendered	16,571	-

The amounts included in the Income Statement in relation to transactions with Solenta during the year were as follows;

	31 December 2017 US$'000	31 December 2016 US$'000
Aircraft operating lease expense	**8,141**	**-**

Notes to the Parent Company financial statements

Liberum

Liberum is fastjet's nominated advisor and currently holds a 7.39% shareholding in fastjet. The following were the transactions that took place between Liberum and fastjet during the year:

	31 December 2017 US$'000	31 December 2016 US$'000
Consultancy fees	**4,317**	**1,307**

In 2016, the Company licenced 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 provided 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$ nil (2016: US$0.52m).

In the current year, the brand licence agreement with easyGroup Holdings Limited was terminated when fastjet purchased the brand.

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 2017 were US$698,000 (2016: US$8.6m). The company leases aircrafts from Solenta and subleases the aircrafts to its airline subsidiaries. The leasing and maintenance revenue amounted to US$8.5m (2016: US$ nil). In addition, the Company provides working capital funding to subsidiaries. All such charges and funding are passed through intercompany loan accounts. Interest is chargeable on certain outstanding balances. The intercompany loans were fully impaired at 31 December 2017 and there was a provision for bad debts of US$ 195m as at 31 December 2017 (see Note 7).

16. Subsidiaries

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

			Voting rights held	
Name	**Country of Incorporation**	**Activity**	**2017**	2016
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%

Notes to the Parent Company financial statements

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%
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 Mozambique	Mozambique	Airline Services	99.25%	-
Parrot Aviation	South Africa	Dormant	25%	-
Aircraft and facilities Limited	British Virgin Islands	Holding Company	100%	-

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

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

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 registered office of Fastjet Africa Limited is AMR Office Park, 3 Concorde East Road, Johannesburg, Gauteng, South Africa.

The registered office of fastjet Mozambique is No 165, Jose Sidumo Road, Beirro Central, Urban District 1, Maputo, Mozambique.

The registered office for Aircraft and Facilities Limited is Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands.

The registered office for Parrot Aviation Proprietary Limited is AMR Office Park, 3 Concorde East Road, Johannesburg, Gauteng, South Africa.

All subsidiaries of the Group are shown above.

All investments in subsidiaries have been written down to $nil.

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Notes to the Parent Company financial statements

17. Events after the balance sheet date

Shareholder loan facility agreement ("the Facility")

On 4th April 2018 the Company entered into a US$12m loan facility agreement with Solenta Aviation Holdings Limited (SAHL, a related party) to fund the exercise of the Company's option over the three ATRs with the balance to be used for general working capital purposes. The salient terms of the Facility are as follows:

- The Facility is for a loan of upto US$12m to be provided by SAHL to fastjet;
- An interest Rate of (i) the higher of US$ 30-day LIBOR plus 6.45% pa or 8% pa until 30 June 2019, and (ii) from 1 July 2019, the higher of US$ 30-day LIBOR plus 8.45% pa or 10% pa;
- Repayment of the loan by either (at fastjet's election) bullet repayment in full on 30 June 2019 or eight quarterly instalments of 12.5% of the Loan, commencing 29th March 2019 and concluding 28th December 2020;
- Drawdown of the Facility is available until 30th April 2018, or such later date as the parties may agree and subject first to satisfying certain conditions precedent including execution and delivery of security for the Loan. Fastjet has now fully drawndown this loan facility;
- The required security for the loan comprises security over certain key material assets of the fastjet Group including the fastjet trademarks, the majority interest in the shares held by the Group in fastjet Zimbabwe Limited, the shares to be acquired by the Group in Federal Airlines (Pty) Limited ("FedAir") (if and when acquired), and the economic rights of the Group to be acquired in the three ATRs;
- The security includes an SAHL right to nominate directors to the boards of FedAir and fastjet Zimbabwe Limited together with an additional director to the board of fastjet Plc (such nominated individuals in each case to constitute a minority of directors of the respective boards of the companies).
- fastjet has utilised the Facility, principally for the purpose of the payment of the ATR Purchase Option Deposit of approximately US$11m. fastjet's rights of refund of the ATR Purchase Option Deposit prescribed under the MOU may be offset against capital payments under the Facility;
- SAHL was entitled to a fee of US$240,000 on the date of drawdown of the Facility; and
- The Facility agreement includes standard representations, warranties and events of default, including restrictions on future borrowing and security (subject to exceptions).

Loan swap arrangement

The Company has entered into unsecured loan agreements with third parties, Annunaki Investments (Private) Limited ("Annunaki") and SSCG Africa Holdings ("SSCG"), in order to make available a portion of the Group's restricted cash held within Zimbabwe. The loans are on commercial terms, for a period of six months and allow fastjet to lend US$5m cash from fastjet Zimbabwe to Annunaki at 4% in return for a US$2m loan to fastjet from SSCG at 6% for general working capital purposes across the Group. The intention is that each of the loans are repaid at the end of the six months unless the term is extended by mutual agreement by all of the parties.

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 costs, 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

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Other Information

Passenger segments	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

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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	60 Gracechurch street London EC3V OHR DX 700 London City
Nominated Adviser and Joint 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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