fastjet Plc (formerly Rubicon Diversified Investments Plc)
and its subsidiary undertakings

fastjet

Annual report and financial statements

For the 18 months ended
31 December 2012

Company No. 5701801

Contents

Board of Directors

David Lenigas, Executive Chairman

Mr Lenigas holds a Bachelor of Applied Science Degree in Mining Engineering. He served as Executive Chairman of London listed Lonrho Plc from 2006 to September 2012 which included the role of Chairman of Lonrho Plc's aviation division (which includes Fly540) since its inception in 2006.

He has extensive experience operating in the public company environment across the UK, African, Canadian and Australian markets. He also serves as Executive Chairman of a number of other public listed companies in the UK including Solo Oil Plc, Leni Gas and Oil Plc, AfriAg Plc and Stellar Resources Plc.

Edward Winter, Chief Executive Officer

Mr Winter has over 40 years of airline experience spanning from the traditional full service model of BOAC/British Airways through to one of the most successful low cost airlines, easyJet.

He started his aviation career as a pilot with BOAC. He held a number of senior management positions within British Airways including Chief Pilot and Head of Operations BA Regional, Chief Pilot London Gatwick and Chief Pilot Long Haul Aircraft. He was a founder director and Chief Operating Officer of low cost airline Go, and grew the airline profitably to 28 aircraft.

Following an MBO and the subsequent sale of Go to easyJet, Edward had the role of Integration Director whilst also acting as CEO of Go. Once the integration process at easyJet was complete, Edward served as Chief Operating Officer steering the company through a period of rapid and profitable expansion, opening new bases across Europe and introducing the Airbus aircraft. More recently, Edward served as Chief Executive Officer of NAS (National Air Services) in Saudi Arabia.

Angus Saunders, Chief Financial Officer

Mr Saunders, a chartered accountant, has 20 years of industry experience.

He started his career in the aviation industry with start up airline British Mediterranean, which became a BA franchise carrier, and was subsequently sold to bmi and has now been subsumed into British Airways. He spent 12 years there as Finance Director before leaving to work with Flybe on the £250 million acquisition of BA Connect and then National Air Services, a low cost start up carrier in Saudi Arabia. Most recently he was the head of finance for the Russian start up low cost carrier Avianova.

Board of Directors

Geoffrey White, Executive Director

Mr White holds a Bachelor of Science in Economics and Management Science and joined the Board of Lonrho as Chief Executive Officer on 5 October 2007, having been Chief Operating Officer from 1 May 2007. During his career he has held senior management roles with Thomas Tilling Plc, BTR Plc, Dee Corporation Plc, Asda Plc and worked for five years for a private investment firm based in London.

He has been responsible for the planning, financing, development and management of a range of projects in the leisure, industrial and natural resource sectors. These projects include establishing joint ventures with international corporations such as Hilton Hotels International, Ford Motors (PAG), Praton International GmbH and FFS Refiners (Pty) Ltd. Prior to joining Lonrho, he had direct experience with the natural resources, distribution and logistics sectors in Africa.

Robert Burnham, Non-Executive Director

Mr Burnham has held a variety of executive and management positions in the IT services and telecoms sector for over 25 years, including Lorien Plc and QA Plc.

He is currently Chairman of Connect Internet Solutions Limited, a £5 million business ‘spun out’ of Liverpool University. He is Chairman of Intecpc Limited, a company which specialises in the manufacture and sale of computers for use in hazardous environments.

Company details and advisers

Registered Number	5701801
Directors	David Lenigas (Executive Chairman) Edward Winter (Chief Executive) Angus Saunders (Finance Director) Geoffrey White (Executive Director) Robert Burnham (Non-Executive Director)
Company Secretary	Alexandra Dent ACIS
Registered Office	Suite 2C First Point Buckingham Gate Gatwick Airport RH6 0NT
Nominated Adviser and Broker	W.H. Ireland Limited 24 Martin Lane London EC4R 0DR
Registrars	Neville Registrars Limited Neville House 18 Laurel Way Halesowen, West Midlands B63 3DA
Auditors	KPMG Audit Plc 1 Forest Gate Brighton Road Crawley RH11 9PT
Solicitors	Thomas Eggar Belmont House Station Way Crawley, West Sussex RH10 1JA Laytons 2 More London Riverside London SE1 2AP
Financial PR	Citigate Dewe Rogerson 3 London Wall Buildings London Wall London EC2M 5SY

Chairman's statement

Background

On 18 November 2011, the Company, when it was called Rubicon Diversified Investments Plc, announced its intention to adopt a new investing policy. The Company aimed to seek an acquisition or acquisitions in the global aviation services sector with a focus on Africa.

On 23 February 2012, the Company announced it was in discussions to acquire Lonrho Plc's aviation businesses operating in Africa. Trading in the existing ordinary shares was suspended on 23 February 2012 until the Company could enter into binding agreements and publish an Admission Document for the enlarged Group.

On 8 May 2012, the Company announced it had entered into a brand licence with Sir Stelios Haji-Ioannou's easyGroup Holdings Limited ("easyGroup"), under which it had agreed to licence the fastjet brand from easyGroup subject to certain conditions including the completion of the Acquisition (the "Brand Licence"). Under the Brand Licence, the Company agreed to issue to easyGroup shares equal to 5% of the Company's diluted share capital and options over a further 10% of the Company's diluted share capital. Sir Stelios and easyGroup also agreed to provide consultancy services to fastjet for the duration of the Brand Licence. easyGroup has the right to appoint two Directors to the Board of fastjet whilst the Brand Licence is in force.

On 13 June 2012, the Company announced that it had entered into an acquisition agreement to acquire the entire issued share capital of Lonrho Aviation (BVI) Limited ("Lonrho Aviation"), the holding company representing Lonrho Plc's interest in a pan-African airline business operating under the 'Fly540' brand, plus a 49.98% economic interest in Five Forty Aviation Limited ("Fly540"). On the same date, the Company published an Admission Document.

On 29 June 2012, at a general meeting of the Company's shareholders, resolutions were passed, approving the Lonrho Aviation acquisition and the acquisition of a further 49.98% economic interest in Fly540 Kenya (together "the Acquisition"). The Acquisition was completed on 2 July 2012.

Directorate

In July 2012, Edward Winter was appointed Chief Executive Officer of fastjet. Edward has vast experience in the low-cost aviation business, as a founder of Go and former Chief Operating Officer of easyJet, as well as a long history in the broader airline industry as chief pilot and in senior management roles at British Airways. His knowledge and leadership has been a great asset to the Company as we launch and grow fastjet. Edward is one of the two easyGroup nominees to the Board.

In December 2012, Richard Blakesley resigned from the Board as Finance Director and was replaced by Angus Saunders. Angus has extensive experience in the global aviation industry and was previously Finance Director of British Mediterranean Airways Limited.

fastjet Launch

fastjet launched its new low-cost services on 29 November 2012, with the first aircraft commencing operations from Dar-e-Salaam in Tanzania. In anticipation of the launch, a substantial amount of preparation work had been completed on the operational, sales and marketing, recruiting, IT and regulatory side to ensure the fastjet launch met its stated commitment of supplying an airline that operated to international standards. The head office team has been strengthened with the hiring of key individuals with strong global airline backgrounds from the likes of easyJet and Ryanair.

Chairman's statement

Current Trading

A review of current trading is provided in the Chief Executive's Review. Unfortunately, the Fly540 operations have not performed to our expectations and we have made an impairment to goodwill and to investments (see note 3).

Funding

In March 2013, the Company announced that it had entered into a convertible securities deed with Bergen Global Opportunity Fund, LP ("Bergen"), an institutional investment fund managed by Bergen Asset Management, LLC, a New York asset management firm, in connection with zero coupon convertible securities with a nominal amount of up to £15,681,750.

Future Initiatives

The South African market is seen by the fastjet Board as a significant opportunity and essential to fastjet's pan-African ambitions. In recent months we have been in discussions with a number of South African-based entities to support our market entry strategy.

In April 2013, the Company announced the signing of a Memorandum of Understanding ("MoU") with local South African investment company Blockbuster, with the objective of fastjet operating services in South Africa by the end of May 2013. Blockbuster is associated with a number of high profile South Africans. It is anticipated that the new entity will be 75% owned by Blockbuster, in compliance with South African law, and 25% owned by fastjet. fastjet is targeting early July 2013 to launch the initial Johannesburg to Cape Town route.

A commercial arrangement has also been struck between Blockbuster and local operator Federal Airlines, a company with a 20 year history in South Africa, which will facilitate bringing the fastjet low cost brand to the South African public.

Outlook

The next few months will represent a greater transformation for the Company as we endeavour to further implement and grow the fastjet business model. The Board is confident it has the right strategy and team in place to build a successful and profitable future for our shareholders.

The current Board would like to take this opportunity to thank its staff and our shareholders for their continued support during this initial start-up phase.

David Lenigas
Executive Chairman

31 May 2013

Chief Executive's Review

I am pleased to present my report for the 18 month period to 31 December 2012.

Operations review

fastjet operations

Following the acquisition of Lonrho Aviation and Fly540 Kenya in July 2012, management spent considerable time reviewing the Fly540 businesses and activities to determine the appropriate place to initially commence the fastjet low-cost airline model. East Africa was selected ahead of West Africa due to market economic indicators and potential quantum of capital required. Tanzania was then chosen as the commencing country ahead of Kenya based on a number of factors including:

- the Tanzania Fly540 operation was relatively new, and as such, was expected to have the least number of legacy issues;
- the Tanzanian government and Civil Aviation Authority were very positive and welcoming;
- the Airbus A319 aircraft had already been approved on the Tanzanian register;
- the competitive environment was more benign than in Kenya where Kenya Airways dominates the market and has considerable influence over the Kenyan Government and the Civil Aviation Authority.

The Fly540 operation in Tanzania was closed in early November 2012 to allow the introduction of fastjet on 29 November 2012. Operationally it has been a great success with exceptionally high levels of punctuality and regularity and has certainly proved the ability to operate efficiently within African infrastructure constraints. The passenger loads on the two domestic routes between Dar–es-Salaam and Kilimanjaro and Dar-es-Salaam and Mwanza averaged 79% in December, the first month of operations. Similar loads were achieved in January and February 2013 but fell to 64% in March and 66% in April following the introduction of additional flights on secondary domestic routes from Kilimanjaro. Many of the passengers have been first time flyers, having previously used road transport on these routes. The ability to stimulate and grow the market using the low-cost airline model has now been proven to work in this part of Africa. The fastjet brand of reliable affordable air travel has been rapidly accepted and endorsed by the Tanzanian consumer. fastjet is now the most "liked" sub Saharan African airline on Facebook, ahead of long established airlines such as Kenya Airways, South African Airways, Ethiopian Airlines and Precision Air.

Prior to commencing operations fastjet was assured by the Tanzanian Government that international route rights from Dar-es-Salaam would be immediately available to the airline. The business plan, local organisation and resources were put in place on that assumption. Obtaining those route rights has taken much longer than expected through bureaucracy and protectionism in the countries where fastjet wishes to fly. The result has had an adverse effect on the business plan incurring the additional costs of under utilised resources. An operation of purely domestic routes within Tanzania would not be a viable business and therefore gaining international route rights has been a very high priority. Lobbying in recent months has eventually produced action and we understand that, following constructive talks with the Tanzanian Government, international routes are expected to become operational within the next two months.

Review of Fly540 operations

The Fly540 businesses acquired from Lonrho Plc have all seriously underperformed relative to expectations with an EBITDA loss due to continued Fly540 operations being US$17.8m. Management has taken steps to restructure these businesses and remove legacy inefficiencies. We have reviewed the fair value and the goodwill and impairment of the assets acquired as a result of the Lonrho Aviation and Fly540 acquisitions and made impairments totalling US$15.9m and fair value adjustments of US$19.0m, details of which are set out in the notes.

Chief Executive's Review

A summary of activity in all countries of operation during the reporting period follows:

Angola

Angola has the potential to be a profitable and sustainable business but is beset with a number of issues relating to moving money freely due to Angola Central Bank controls and delays in clearing aircraft spares through Angolan Customs.

Whenever spare parts are required for a grounded aircraft, it can take weeks to import the parts and get the aircraft serviceable. This has meant extended periods with a reduced schedule and consequent reduced revenues. The spares holding in Angola is being increased, but it is not economically viable to hold every conceivable spare part that may be required.

The Central Bank controls on currency exchange have also created delays in being able to make payments outside of Angola including lease payments and payments for spares and maintenance. The management team has spent considerable time working with the banking authorities to find ways to overcome the current difficulties.

Ghana

Ghana has seen a substantial rise in competition during the period on the key domestic route from Accra to Kumasi, with a large increase in the size of the market but at a significantly decreased yield. The expected upgrade of the Kumasi runway to accommodate jet aircraft has not yet taken place.

Ghana had a fleet of two aircraft, an ATR 72-500 turbo prop and an Embraer E170 jet. The E170 was used to open international routes from Accra to Abidjan, Cote d'Ivoire and Accra to Freetown, Sierra Leone. Both routes have now been discontinued but remain of interest once a low cost model can be introduced into West Africa. The E170 aircraft suffered from significant periods of being unserviceable and with the withdrawal from those routes has since been returned to the lessor.

The West Africa market, with a population of more than 300m people is a significant and so far largely untapped market. A key issue for management prior to introducing the fastjet low cost model continues to be lobbying for lower government passenger taxes. Fly540 Ghana currently has been granted designation on 5 international routes from Accra – Abidjan, Cote d'Ivoire; Freetown, Sierra Leone; Lagos, Nigeria; Ouagadougou, Burkina Faso; Monrovia, Liberia. These route rights will be of significant value to fastjet Ghana when the low cost brand is introduced.

Kenya

Kenya is the most mature market in East Africa and will eventually be a very significant low-cost operation under the fastjet brand when that is introduced. As previously announced, there has been a legal dispute between the Company and the vendors of the 49.98% economic interest in Fly540 Kenya as to whether the acquisition was completed. On 23 April 2013, fastjet entered into a Memorandum of Understanding ("MoU") with Don Smith, Chief Executive Officer of Fly540 Kenya which trades in Kenya as Fly540, with a view to resolving these disputes and establishing a way by which the two parties can work together to maximise the value and business prospects of both Fly540 and fastjet. As a result of the disputes, we deemed we did not have the operational or financial control over the business and it has therefore been treated as an investment in the period. There are significant debts in Fly540 Kenya and for that reason we have impaired the value by US$13,336k. See note 3 for details.

Chief Executive's Review

Tanzania

Prior to being closed in November 2012 to make way for the fastjet introduction, Fly540 Tanzania was operating an inefficient model with just one aircraft and creating significant losses despite attempts to make short term changes to the business.

The fastjet operation in Tanzania is covered in other parts of this report.

Fastjet intends to reduce its current 90% equity shareholding in Fly540 Tanzania and is in initial discussions with a number of Tanzanian investors.

Further investments
South Africa

As previously announced, fastjet had been in negotiations with the provisional liquidator of airline 1time in Johannesburg, South Africa, for the purchase of 1time. However, we were unable to reach a compromise agreement with the creditors.

As detailed in the Chairman's Statement, a commercial arrangement has been struck between local South African investment company Blockbuster, since renamed fastjet Holdings (Pty) Ltd, and Federal Airlines, a company with a 20 year history in South Africa. The agreement will allow fastjet Holdings to leverage Federal Airline's existing licensing infrastructure and deliver its low-cost airline brand to the South African public.

An MoU has been signed to allow the Company to take a 25% shareholding in fastjet Holdings Pty Ltd, with the remaining 75% being held by South African nationals. The South African Civil Aviation Act requires that, unless the Minister of Transport makes an exception, 75% of the voting rights have to be held by South African citizens. fastjet is targeting early July 2013 to launch the initial Johannesburg to Cape Town route.

South Africa is going to be one of the prime focus areas for fastjet over the coming period, whilst we review and continue to restructure some of the smaller operations we have elsewhere in Africa.

Discussions are also on going in a number of other African countries with a view to launching airlines under the fastjet brand.

Marketing and Distribution

High load factors and the high percentage of first time flyers on our initial routes demonstrates the market acceptance of the low cost carrier model in Tanzania. We have also been encouraged by a steady increase in our average yield. Whilst we continue to offer a US$20 fare to stimulate market interest, we now have an average fare in excess of US$70 with some seats commanding rates in excess of US$170.

Ancillary revenue streams are seeing a steady improvement. Over 40% of fastjet's passengers pay for an additional service of some variety. We would expect to see this figure rise as we offer additional supplementary services over the next year.

Since launch we have built significant brand equity with our African Grey Parrot motif becoming increasingly well known across the Continent. This brand awareness has had a dramatic effect upon our cost per acquisition (CPA) in Tanzania and we continue to manage our marketing expenditure down, in line with our increasing brand reach. Wider reaction to our brand strategy has resulted in several prestigious marketing awards.

Chief Executive's Review

Since launch, we have embraced the strongest possible channel mix. We now dominate the social media aviation environments of Facebook and Twitter in Africa. fastjet is now sub Saharan Africa's most "liked" airline. This allows us to instantly communicate with our customer base and has a dramatic effect on reducing marketing expenditure further.

Additionally we have introduced new and innovative payment methods such as the payment of seats using mobile phone accounts (M-Pesa and Tigo) that have manoeuvred us around the low internet penetration and credit card usage figures across Africa.

We have also been working with airlines that fly into Africa but struggle to find suitable partners to transport their passengers intra-country. To that end, we have recently been approved by Tui, Europe's largest Tour Operator, to fly their passengers to our destinations. We are also in the process of signing similar distribution deals with other large operators. We have also signed an MOU with Emirates Airlines to link their passengers into the fastjet network.

Finance review

Results for the period
Operating loss before impairment charges for the 18 month period to 31 December 2012 amounted to US$30.0 million (12 months to 30 June 2011: US$0.1 million operating loss).

Revenue for the 6 months after the acquisition was US$21.1 million with US$1.5 million attributable to the one month of the fastjet business. In the trading statement dated 26 March 2103 fastjet anticipated revenues in the region of US$32m. The large difference between this and the reported US$21m is attributable to the change in accounting treatment for Fly540 Kenya which is now treated as an investment.

Cash at 31 December 2012 amounted to US$7.5 million (30 June 2011: US$0.005 million).

At 31 December 2012, the Group had net cash amounting to US$5.5 million. Since that date the Group has incurred further losses in its operations. As set out in the Chairman's Statement, the Group entered into a convertible securities deed with Bergen, a US asset management firm, which has provided up to £15.7 million. As at 30 April 2013 £13.1 million was still undrawn. The Company has also completed share placings since 31 December 2012 amounting to £8 million.

As explained in Note 1, the Directors have reviewed the Going Concern basis which they consider appropriate. They have referred to a material uncertainty which the auditors have referred to in their report.

Strategic Review

The Company's strategy is to create a pan-African low-cost airline brand. Unlike in Europe, where the aviation market is fully liberalised, African aviation remains nationally controlled with route rights dependent on the negotiation of Bilateral Air Services Agreements between governments.

The strategy is therefore to create a series of airlines, all operating under the fastjet brand, and meeting identical international standards of reliability, safety and customer service. The flights for these airlines will all be sold on one website as a single brand, providing the consumer with a pan-African airline experience, and the airlines with a reputation and sales platform across the Continent.

In order to mitigate many of the issues and delays that we have encountered over the past months, management is pursuing a policy of a creating a shareholding structure in each airline that allows for greater local investment. Management is therefore in on-going discussions with a number of potential

Chief Executive's Review

local investors and airlines in various African countries. Where fastjet have a minority holding, control of operational and customer service standards will be achieved through the brand licence and provision of key services.

The management team remains fully convinced by, and committed to developing, the huge aviation market opportunities throughout Africa.

Edward Winter
Chief Executive Officer

31 May 2013

Report of the Directors

The Directors present their report together with its audited accounts for the 18 month period from 1 July 2011 to 31 December 2012.

Principal activities and investment policy
As at 31 December 2012 the principal activity of the Group was investing in the global aviation and aviation services sector with a particular focus on Africa.

Results and dividends
The income statement is set out on page 33 and has been prepared in US Dollars, the functional and reporting currency of the Company and the Group.

The Group's net loss after taxation attributable to equity holders of the Company for the period was US$52.4m (2011 – US$0.068 loss).

No dividends have been paid or proposed.

Review of the business and future developments
A full review of the Group's performance, financial position and future prospects is provided in the Chairman's Statement and Chief Executive's Review.

Post balance sheet events
At the date these financial statements were approved, the Directors were not aware of any significant post balance sheet events other than those set out in the notes to the financial statements.

Substantial shareholdings
At 30 May 2013, the following had notified the Company of disclosable interests in 3% or more of the nominal value of the Company's shares:

Shareholder	Number of shares	% of Issued capital
Lonrho Plc	1,160,037,455	49.14
Henderson Global Investors	152,728,147	6.47
easyGroup Holdings Ltd	93,327,995	3.95

Directors
The current Directors who served the Company during the period were:

Name	Position	Date of appointment
David Lenigas	Executive Chairman	13 December 2011
Edward Winter	Executive Director and Chief Executive Officer	2 July 2012
Angus Saunders	Finance Director	10 December 2012
Geoffrey White	Executive Director	13 December 2011
Robert Burnham	Non-Executive Director	30 June 2006

The following Directors resigned during the period:

Name	Position	Date of resignation
Richard Blakesley	Finance Director	10 December 2012
Nicklas Blanchard	Executive Director	5 August 2011
Alistair Hancock	Executive Director	5 August 2011

Report of the Directors

Directors' remuneration
The Company remunerates the Directors at a level commensurate with the size of the Company and the experience of its Directors. The Remuneration Committee has reviewed the Directors' remuneration and believes it upholds the objectives of the Company with regard to this issue. Details of the Directors' emoluments and payments made for professional services rendered are set out in Note 5 to the financial statements.

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

Name	31 December 2012 No. Shares	30 June 2011 No. Shares (or date of appointment if later)
David Lenigas	200,000	Nil
Edward Winter	500,000	Nil
Angus Saunders	Nil	Nil
Geoffrey White	250,000	Nil
Robert Burnham	1,473,056	1,473,056
Richard Blakesley (resigned 10 December 2012)	N/A	11,550,041
Nicklas Blanchard (resigned 5 August 2011)	N/A	100,000
Alistair Hancock[1] (resigned 5 August 2011)	N/A	11,038,572

[1] 9,312,576 shares converted to deferred shares on 5 August 2011 as part of the consideration for the sale of Rubicon Software Limited.

Directors' Share Options
Share options in the Company's Unapproved Share Option Scheme were granted to Directors over ordinary shares, as set out below:

Name	No share options held as at 1 July 2011	Exercise Price	Number of share options granted during the period	Exercise price	Date granted	Period during which exercisable
Nicklas Blanchard[1]	525,000	1p			20/01/06	20/01/06-20/01/16
Robert Burnham	375,000	6p			07/06/06	07/06/06-07/06/16
Robert Burnham			3,000,000	1p	13/06/12	13/06/12-13/06/22
Robert Burnham			20,000,000	5p	13/06/12	13/06/12-13/06/17
Richard Blakesley			3,000,000	1p	13/06/12	13/06/12-13/06/22
Richard Blakesley			20,000,000	5p	13/06/12	13/06/12-13/06/17
David Lenigas			20,000,000	5p	13/06/12	13/06/12-13/06/17
Geoffrey White			20,000,000	5p	13/06/12	13/06/12-13/06/17
Edward Winter			20,000,000	5p	27/07/12	27/07/12-27/07/17
Edward Winter			5,000,000	5p	27/07/12	27/07/12-27/07/17
Edward Winter			5,000,000	5p	27/07/12	27/07/12-27/07/17
Edward Winter			5,000,000	5p	27/07/12	27/07/12-27/07/17
Edward Winter			5,000,000	5p	27/07/12	27/07/12-27/07/17

[1] Options lapsed on 5 August 2011. Nicklas Blanchard resigned on 5 August 2011.

All share options granted on or after 13 June 2012 are subject to certain performance conditions.

Report of the Directors

Corporate Governance
A statement on Corporate Governance is set out on pages 16-18.

Employees
As at the date of this report, the Group has 458 employees.

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

Creditor payment policy
The Group’s policy is to agree terms and conditions with suppliers in advance; payment is then made in accordance with the agreement provided the supplier has met the terms and conditions.

Charitable donations
During the period, the Company made no charitable donations (2011 - US$Nil).

Financial reporting
The Board has ultimate responsibility for the preparation of the annual audited accounts. A detailed review of the performance of the Company is contained in the Chairman’s Statement. In the Chairman’s Statement and Report of the Director’s, the Board seeks to present a balanced and understandable assessment of the Company’s position, performance and prospects.

Internal control
A key objective of the Directors is to safeguard the value of the business and assets of the Company. This requires the development of relevant policies and appropriate internal controls to ensure proper management of the Company’s resources and the identification and mitigation of risks which might serve to undermine them. The Directors are responsible for the Company’s system of internal control and for reviewing its effectiveness. It should, however, be recognised that such a system can provide only reasonable and not absolute assurance against material misstatement or loss.

Risk management
The Directors have in place a process of regularly reviewing risks to the business and monitoring associated controls, actions and contingency plans.

The Company’s financial risk management policies are set out in Note 24.

Auditor’s report
Following the acquisition of Fly540 Tanzania in June 2012, management reviewed the finance function for Tanzania. The accounting for the 540 operations was carried out in Kenya. The finance function was transferred to Tanzania when the 540 operations were closed down and fastjet commenced operations in Tanzania.

Due to the lack of controls prior to the commencement of fastjet operations in Tanzania the Group Finance team have made significant adjustments to amend the acquisition balance sheet and carried out an in-depth review of the 6-month period to satisfy themselves that the revenues are materially correct and with the balance sheet at 31 December 2012. Unfortunately our local auditors have qualified their review report in respect of the opening balance sheet at 30 June 2012 and audit report on the costs in the income statement for the 6 months ended 31 December 2012. Our Group Auditors have therefore had to qualify their audit report in this regard as well. The auditors have given an unqualified audit report on revenue and on the Balance Sheet at 31 December 2012.

Report of the Directors

Going concern
The Directors have considered the appropriateness of the going concern basis of preparation in view of their plans for the Group. They are confident that the Group has access to sufficient finance to continue operating as a going concern for the foreseeable future and, in any event, for a period of at least one year from the date of approval of these financial statements although they acknowledgement a material uncertainty over this. Therefore, they are satisfied that the going concern basis of preparation is appropriate for these financial statements. (See principal accounting policies).

Annual general meeting ("AGM")
This report and financial statements will be presented to shareholders for their approval at an AGM. The Notice of the AGM will be distributed to shareholders in due course.

Provision of information to auditors
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 auditors are 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 auditors are aware of that information.

Auditors
KPMG Audit Plc has signified its willingness to continue in office as auditors, and a resolution that they be re-appointed and to authorise the Directors to fix their remuneration will be proposed at the next annual general meeting with section 489 of the Companies Act 2006.

By order of the Board

David Lenigas
Executive Chairman

31 May 2013

Company registration number: 5701801

Corporate Governance Report

The Board is committed to maintaining high standards of corporate governance. The Listing Rules of the Financial Services Authority incorporate the UK Corporate Governance Code, which sets out the principles of Good Governance, and the Code of Best Practice for listed companies. Whilst the Company is not required to comply with the UK Corporate Governance Code, the Company's corporate governance procedures take due regard of the principles of Good Governance set out in the UK Corporate Governance Code in relation to the size and the stage of development of the Company.

Board of Directors

The Board of Directors currently comprises four executive Directors (one of whom is Chairman) and one Non-Executive Director. The Directors are 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. 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.

Board meetings

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

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

Audit Committee

The Audit Committee comprises Robert Burnham (Chairman), Edward Winter and Geoffrey White and determines the terms of engagement of fastjet's auditors and, in consultation with the auditors, the scope of the audit. The Audit Committee will receive and review reports from management and the Company's auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee has unrestricted access to the Company's auditors.

Remuneration Committee

The Remuneration Committee comprises Robert Burnham (Chairman), David Lenigas and Edward Winter and 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. Edward Winter does not participate in discussions on his own remuneration.

Nomination Committee

The Nomination Committee comprises Robert Burnham (Chairman), Edward Winter and Geoffrey White and is responsible for evaluating the balance of skills, knowledge and experience of the Board, the size, structure and composition of the Board and for identifying candidates to fill vacancies on the Board, as and when they arise. The Nomination Committee will make appropriate recommendations to the Board on such matters.

Corporate Governance Report

Executive Committee
The Executive Committee comprises the Executive Directors of the Company and senior managers including the Chairman, Chief Executive Officer, Finance Director, Chief Commercial Officer, Operations Director and General Manager - Africa. The Committee's primary responsibilities are to 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 entered into by the Group and to manage the Group's HR policies.

Safety Committee
The Safety Committee currently comprises Robert Burnham (Chairman), Edward Winter and Robert Bishton (Operations Director), although all Board members are invited to attend meetings. The Safety Committee is responsible for monitoring the governance of safety and security management within the airline, ensuring that safety risks and security threats are adequately monitored and that sufficient resources exist to ensure that management and reporting within the Company is maintained at a suitable level.

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

Risk management
The Board considers risk assessment to be important in achieving its strategic objectives. There is a process of evaluation of performance targets through regular reviews by senior management to forecasts. Project milestones and timelines are regularly reviewed.

Risks and uncertainties
The principal risks facing the Company are set out below. Risk assessment and evaluation is an essential part of the Group's planning and an important aspect of the Group's internal control system.

Financial Risk
Please refer to Note 24 to these financial statements.

Going concern
Please refer to The Principle Accounting Policies.

Business Risk
The Board regularly evaluates and reviews all business risks when reviewing project timelines. The types of risks reviewed also include:

- Occupational Health, Safety and Environmental requirements
- Regulatory and compliance obligations
- Legal risks relating to contracts, licenses and agreements
- Insurance risks
- Political risks deemed where appropriate

Future Operations
Please refer to the Chief Executives Review for more detail on future operations.

Corporate Governance Report

Insurance
The Group maintains insurance in respect of its Directors and Officers against liabilities in relation to the Company.

Treasury policy
The Group finances its operations through equity and holds its cash as a liquid resource to fund the obligations of the Group. Decisions regarding the management of these assets are approved by the Board.

Securities trading
The Board has adopted a Share Dealing Code that applies to Directors, senior management and any employee who is in possession of 'inside information'. All such persons are prohibited from trading in the Company's securities if they are in possession of 'inside 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 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.

Statement of Directors' responsibilities in respect of the annual report and the financial statements

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 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).

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

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

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

Independent auditor's report to the members of fastjet Plc

We have audited the financial statements of fastjet plc for the period ended 31 December 2012 which comprise the principal accounting policies, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of Directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 19, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Basis for qualified opinion on financial statements
FastJet Plc has an investment in Fly540 Tanzania, a foreign subsidiary acquired during the period. The consolidated financial statements have been prepared on the basis of its having net liabilities at acquisition of US$21.1m, and hence goodwill and acquired intangibles of US$14.1m and non-controlling interest (NCI) on acquisition of US$1.2m, and a post-acquisition loss of US$11.9m for the period to 31 December 2012. We were unable to obtain sufficient appropriate audit evidence about the net liabilities at acquisition and the expenses for the period to 31 December 2012 because of a lack of controls during the period in Tanzania. Had the net liabilities at acquisition been larger (or smaller) then the loss for the period to 31 December 2012 would have been correspondingly smaller (or larger), and, as a consequence, the movement in non-controlling interest during the year would have been affected as the subsidiary is not wholly owned. Furthermore, had the net liabilities at acquisition been larger (or smaller) then the acquisition date goodwill, which is still carried on the balance sheet at 31 December 2012, would have been smaller (or larger) by the same amount net of non-controlling interest. As a result of the lack of audit evidence, we were unable to determine whether such adjustments were necessary.

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

- give a true and fair view of the state of the Group's and parent company's affairs as at 31 December 2012 and of the Group's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and

Independent auditor’s report to the members of fastjet Plc

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Going concern
In forming our opinion on the financial statements, we have considered the adequacy of the disclosure made in the principal accounting policies concerning the group's and the parent company's ability to continue as a going concern. The group incurred a net loss of US$56.0m and operating cash outflow of US$19.9m during the period ended 31 December 2012. Its future prospects are dependent upon improved trading, in particular through gaining access to international routes, and raising additional funding. These conditions, along with the other matters explained in the principal accounting polcies to the financial statements, indicate the existence of a material uncertainty which casts significant doubt on the group's and the parent company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the parent company were unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Report of the Directors for the financial period for which the Group financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception
In respect solely of the limitation on our work relating to Fly540 Tanzania, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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
- 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.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Paul Gresham (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
1 Forest Gate
Brighton Road
Crawley
RH11 9PT

31 May 2013

Principal accounting policies

General information
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.

The consolidated financial statements have been prepared for a period of 18 months to 31 December 2012. The period was extended to fall in line with Lonrho Plc's accounting reference date. The consolidated financial statements include the results of the Lonrho Aviation business acquired on 29 June 2012 and, as such, the results for the 18 months to 31 December 2012 only reflect 6 months trading for the acquired business.

Basis of preparation
The consolidated financial statements have been prepared under the historical cost convention and in accordance with applicable International Financial Reporting Standards (IFRS) as adopted by the EU.

The principal accounting policies are set out below and have been applied consistently, in all material respects, throughout all periods presented in these financial statements. The principal accounting policies were expanded to apply to the acquired aviation business.

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

Most of the countries in which the Group operates have a less developed legal system than more established economies, which may result in the law being applied in an inconsistent manner and retrospective laws being promulgated by governments.

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

The Group has operated at a loss and a significant operating cash outflow since the acquisition of Lonrho Aviation in June 2012. The Directors consider that the outlook presents significant challenges in that the Group has to achieve increased sales revenue, and control input costs. Securing international route rights out of Tanzania are also critical for the success of the Group. Uncertainty exists as to these matters.

The Group also needs to secure additional funding to ensure operations can continue for the foreseeable future. This could be achieved by raising further equity or disposing of stakes in Tanzania and Ghana.

The Group will need to raise finance, in addition to that raised though to May 2013 (see note 30), whilst all of the above issues are addressed; however, such funding has not yet been secured or committed.

Whilst the Directors have instituted measures to preserve cash and seek additional finance, these circumstances create material uncertainties over future trading and cash flows.

The Directors have concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the Group's ability to continue as a going concern and that, therefore, the Group may be unable to continue realising its assets and discharging its liabilities

Principal accounting policies

in the normal course of business. Nevertheless, after making enquiries and considering the uncertainties described above, the Directors have a reasonable expectation that the Group will have access to adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual financial statements.

Functional and presentation currencies

During the period the group acquired Lonrho Aviation (BVI) Ltd. On that date the business changed its functional currency from Pounds Sterling to US Dollars. Net assets at that time were not material. As a result of the change in functional currency the group also changed its presentational currency and has changed its comparatives accordingly.

All amounts are presented in US Dollars being the Group's presentational currency. This currency has been chosen, as it is the usual reporting currency for businesses in the aviation sector. All amounts are shown in round thousands (US$'000) except where indicated.

In preparing the financial statements of the individual companies, transactions denominated in foreign currencies are translated into the respective functional currency of the Group entities using the exchange rates prevailing at the dates of transactions.

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

Non-GAAP performance measures

The Board believe that these measures provide useful information for the shareholders on the underlying performance of the business. These measures are consistent with how the business performance is measured internally. The adjusted operating loss is not a recognised profit and loss measure under adopted IFRS and may not be directly comparable with "adjusted" profit and loss measures used by other companies. The adjustments made to operating loss exclude exceptional charges, which are predominately one-off in nature and therefore create volatility in reported earnings.

New accounting standards, interpretations and amendments
No new standards, interpretations or amendments to standards having a significant effect on the financial statements have been adopted during the period.

Principal accounting policies

The IASB and IFRIC have issued the following Standards, Amendments to Standards and Interpretations which are in issue but not yet effective:

International Financial Reporting Standards (IFRS)

- IFRS9 Financial Instruments – Classification and Measurement.
- IFRS10 Consolidated Financial Statements and IAS27 Separate Financial Statements.
- IFRS11 Joint Arrangements and IAS28 Investments in Associates and Joint Ventures.
- IFRS12 Disclosure of Interests in Other Entries.
- IFRS13 Fair Value Measurement.

International Financial Reporting Interpretations Committee (IFRIC) interpretations

- IFRIC20 Stripping Costs in the Production Phase of a Surface Mine.

Amendments to existing standards

- Amendment to IAS32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities.
- Amendment to IFRS7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities.
- Amendment to IAS27 Consolidated and Separate Financial Statements.
- Amendment to IAS28 Investments in Associates.
- Amendment to IAS1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income.
- Amendment to IAS19 Employee Benefits.
- Amendment to IFRS1 First-time Adoption of International Financial Reporting Standards – Government Loans.
- Amendment to IFRS10 Consolidated Financial Statements, IFRS11 Joint Arrangements and IFRS12 Disclosure of
- Interests in Other Entities – Transition guidance
- Amendment to IFRS10 Consolidated Financial Statements, IFRS11 Joint Arrangements and IFRS12 Disclosure of
- Interests in Other Entities – Investment Entities.
- Annual Improvements to IFRS 2009-2011 Cycle – Improvements to IFRS1 First-time Adoption of international
- Financial Reporting standards, IAS1 Presentation of Financial Statements, IAS16 Property, Plant and Equipment,
- IAS32 Financial Instruments: Presentation and IAS34 Interim Financial Reporting

It is considered that the above standards, amendments and interpretations will not have a significant effect on the results or net assets of the Company or Group.

The Directors do not anticipate that the adoption of these Standards, Amendments to Standards or Interpretations will have a material effect on its financial statements on initial adoption.

Basis of consolidation

The Group financial statements consolidate those of the Company and its subsidiary companies drawn up to 31 December 2012. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights. The results of subsidiaries acquired or disposed of during the accounting period are including in the Group financial statements from/to the date of acquisition or disposal, respectively. The date of acquisition or disposal is the date from/to which the Company has control over the subsidiary.

Principal accounting policies

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

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

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

Goodwill, being the excess of the cost of acquisition, as defined above, over the fair value of the consideration 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 operations and assets held for sale
On 5 August 2011, the Company sold its entire shareholding in Rubicon Software Limited. As the sale was highly probable at the date of the previous financial statements (30 June 2011), the assets and liabilities of Rubicon Software Limited are classified as a disposal group in the balance sheet at that date, in accordance with IFRS 5 "Non-current assets held for sale and discontinued activities". Further, the operations of the disposed subsidiary are/were classified as discontinued. The disposal group was valued at the lower of carrying amount and fair value less costs to sell.

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:

Aircraft	- 5% to 7% of cost
Leasehold property	- term of the lease
Leasehold improvements	- term of the lease
Motor vehicles	- 25% of cost
Fixtures, fittings and office equipment	- 15% to 25% of cost
Plant and machinery	- 10% of cost

Goodwill
Goodwill arising on consolidation is recognised as an asset.

Following initial recognition, goodwill is subject to impairment reviews, at least annually, and measured at cost less accumulated impairment losses. The recoverable amount is estimated at each reporting date. Any impairment loss is recognised immediately in the income statement.

Any impairment losses recognised in respect of cash generating units are first allocated to goodwill.

Principal accounting policies

On disposal of subsidiaries, attributable goodwill is included in determining the profit or loss on disposal.

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

Air operator's certificates (AOCs)	- 10 years
Brand licence agreement	- 10 years
Brand acquired on business combination	- 2 years
Customer contracts acquired on business combination	- 5 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 asset's 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 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.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost includes the purchase cost of the item itself, plus any direct costs incurred in bringing the item to its present location and condition.

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

Finance leases
Where the Group enters into a lease, which entails taking substantially all the risk and rewards or ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as property, plant and equipment, and is depreciated over the estimated useful life to the Group. The asset is recorded at the lower of its fair value, less accumulated depreciation, and the present value of the minimum lease payments at the inception of the finance lease. Future installments 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,

Principal accounting policies

and the capital element, which reduces the outstanding obligation for future instalments. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

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

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

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

The provisions recorded and charged to the income statement are dependent on the life of the component or maintenance interval used and the individual terms of the lease.

No provision is recorded during the initial period of lease agreements where no compensation or maintenance is required prior to hand-back.

After a component or maintenance interval passes its half-life (or another more appropriate measure depending on the individual lease) and compensation would be due to the lessor in accordance with the terms of the lease, a provision and matching income statement charge is recorded equal to the amount of compensation that would be required based on the hours or cycles flown at the balance sheet date.

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

Estimates are required to establish the likely utilisation of the aircraft, the expected cost of a maintenance check at the time it is expected to occur, the condition of an aircraft and the lifespan of life-limited parts. The bases of all estimates are reviewed once each year and also when information becomes available that is capable of causing a material change to an estimate, such as renegotiation of end of lease return conditions, increased or decreased utilisation, or unanticipated changes in the cost of heavy maintenance services.

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

Principal accounting policies

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 and flight alteration fees are also recognised on the date of departure. Credit card payment fees are recognised on the date payment is made.

Pension costs
The Group has no pension scheme for Directors or employees.

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

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

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

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

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

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.

Principal accounting policies

Operating segments
The Group's continuing business comprises a single business segment that of airline services. That business operates across a number of different geographical territories, all within Africa. Accordingly, segmental reporting disclosures are given by geographical segment only.

The role of Chief Operating Decision Maker, in the context of IFRS 8 "Operating segments" is considered to be fulfilled by the Executive Committee, which is made up of certain directors and senior management. That committee monitors the performance of the business segments and makes decisions about the allocation of resources between segments.

Financial instruments

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

Equity
Equity comprises the following:
- "Share capital" represents the nominal value of equity shares that have been issued.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Share options reserve" represents equity-settled share-based employee remuneration until such share options are exercised.
- "Retained earnings" include all current and prior period results as disclosed in the income statement.
- "Translation reserve" represents the cumulative amount of foreign exchange gains and losses recognised outside of retained earnings.

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

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

Other investments are measured at fair value through other operating income.

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

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.

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

Principal accounting policies

Management of capital
The Group's objectives when managing capital are:

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

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

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:

- valuation of Investment (note 13)
- maintenance provisions (above)
- share based payments (note 23)
- impairment of goodwill (note 10)
- impairment of other intangibles (note 11)

Judgements made by management in the application of Adopted IFRS that have significant effect on the financial statements are:
- the determination of the functional currencies of subsidiaries
- the determination of the accounting treatment in respect of the acquisition of investments as either associates, joint ventures or subsidiaries (note 21)
- the determination whether certain transactions represent business combinations (note 21)

Consolidated income statement

	Note	**18 months ended 31 December 2012 US$'000**	Year to 30 June 2011 US$'000
Revenue	1	**21,068**	-
Operating costs		**(74,634)**	(108)
Group operating loss		**(53,566)**	(108)
Operating loss before exceptionals	3	**(30,035)**	(108)
Impairment of goodwill	10	**(2,516)**	-
Impairment of investments	13	**(13,366)**	-
Impairment of receivables due from related parties	14	**(7,649)**	-
Operating loss after exceptionals		**(53,566)**	(108)
Finance income	6	**8**	-
Finance charges	6	**(1,721)**	-
Loss from continuing activities before tax		**(55,279)**	(108)
Tax charge	7	**(627)**	-
Loss from continuing activities after tax		**(55,906)**	(108)
(Loss)/profit from discontinued activities	2	**(46)**	40
Loss for the period		**(55,952)**	(68)
Attributable to:			
Shareholders of the parent company		**(52,366)**	(68)
Non-controlling interests		**(3,586)**	-
		(55,952)	(68)
Loss per share (basic and diluted) (US cents)	9		
From continuing activities		**(7.69)**	(0.25)
From discontinued activities		**(0.01)**	0.09
Total		**(7.70)**	(0.16)

Consolidated statement of comprehensive income

	Note	**18 months ended 31 December 2012 US$'000**	Year to 30 June 2011 US$'000
Loss for the period		**(55,952)**	(68)
Foreign exchange translation differences		**503**	-
Total other comprehensive income for the period		**503**	-
Total comprehensive expense		**(55,449)**	**(68)**
Attributable to:			
Shareholders of the parent company		**(51,863)**	(68)
Non-controlling interests		**(3,586)**	-
Total comprehensive expense		**(55,449)**	(68)

Consolidated balance sheet

	Note	**31 December 2012 US$'000**	30 June 2011 US$'000
Non-current assets			
Goodwill	10	**18,754**	-
Other intangible assets	11	**23,308**	-
Property, plant and equipment	12	**37,903**	-
Other investments	13	**19,248**	-
Other non-current trade and other receivables	14	**7,177**	-
		106,390	-
Current assets			
Inventories	15	**783**	-
Cash and cash equivalents		**7,488**	5
Trade and other receivables	14	**8,439**	8
		16,710	13
Assets held for sale	2	**-**	690
Total assets		**123,100**	703
Equity			
Called up equity share capital	20	**29,284**	700
Share premium account		**80,986**	666
Merger reserve		**-**	955
Retained earnings		**(50,140)**	(2,006)
Translation reserve		**516**	-
Equity attributable to shareholders of the Parent Company		**60,646**	315
Non-controlling interests		**(15,991)**	-
Total equity		**44,655**	315
Liabilities			
Non-current liabilities			
Obligations under finance leases	19	**23,633**	-
Deferred tax	17	**1,547**	-
Trade and other payables	16	**10,558**	-
		35,738	-
Current liabilities			
Bank overdrafts		**2,018**	-
Loans and borrowings	18	**1,998**	-
Obligations under finance leases	19	**3,226**	-
Trade and other payables	16	**35,397**	47
Other financial liabilities		**68**	-
		42,707	47
Liabilities associated with assets held for sale		**-**	341
Total liabilities		**78,445**	388
Total liabilities and equity		**123,100**	703

These financial statements were approved and authorised for issue by the Directors on 31 May 2013 and are signed on their behalf by:

Edward Winter
Director and Chief Executive

Consolidated cash flow statement

	18 months ended 31 December 2012 US$'000	Year to 30 June 2011 US$'000
Operating activities		
Result for the period	**(55,952)**	(68)
Loss on disposal of subsidiary	**90**	-
Loss on disposal of fixed assets	**942**	-
Impairment of goodwill	**2,516**	-
Impairment of investments	**13,366**	-
Depreciation and amortisation	**3,105**	10
Finance charges	**1,713**	-
(Increase)/decrease in inventories	**(469)**	-
(Increase)/decrease in receivables	**(9,479)**	169
Increase/(decrease) in trade and other payables	**23,980**	(8)
Share option charges	**299**	18
Net cash flow from operating activities	**(19,889)**	121
Investing activities		
Net cash acquired in business combination	**1,949**	-
Sale of subsidiary net of costs	**164**	-
Purchase of other investments	**(2,248)**	-
Purchase of intangibles	**(16)**	-
Purchase of property, plant and equipment	**(535)**	(11)
Net cash flow from investing activities	**(686)**	(11)
Financing activities		
Proceeds from the issue of shares	**28,607**	5
Loans advanced	**225**	-
Loan repayments	**-**	(97)
Interest paid	**(1,713)**	-
Finance lease payments	**(1,130)**	(3)
Net cash flow from financing activities	**25,989**	(95)
Net movement in cash and cash equivalents	**5,414**	15
Foreign currency difference	**51**	1
Opening net cash	**5**	11
Closing net cash	**5,470**	27
Classified on the balance sheet as:		
Cash and cash equivalents	**7,488**	5
Bank overdrafts	**(2,018)**	-
Assets held for sale	**-**	22
Closing net cash	**5,470**	27

Consolidated statement of changes in equity

	Share Capital US$'000	Share premium US$'000	Merger reserve US$'000	Translation reserve US$'000	Retained earnings US$'000	Non-controlling Interests US$'000	Total equity US$'000
Balance at 1 July 2010	**699**	**663**	**955**	**-**	**(1,953)**	**-**	**364**
Shares issued	1	3	-	-	-	-	4
Share based payments	-	-	-	-	19	-	19
Transactions with owners	1	3	-	-	19	-	23
Loss for the period	-	-	-	-	(72)	-	(72)
Balance at 30 June 2011	**700**	**666**	**955**	**-**	**(2,006)**	**-**	**315**
Shares issued	28,584	80,320	-	-	-	-	108,904
Share based payments	-	-	-		280	-	280
Share options issued*	-	-	-	-	3,106	-	3,106
Other transactions with owners	-	-	-	-	(96)	-	(96)
Transactions with owners	28,584	80,320	-	-	3,290	-	112,194
Recognised on business combination	-	-	-	-	-	(12,405)	(12,405)
Realised on disposal of subsidiary	-	-	(955)	-	955	-	-
Foreign exchange difference	-	-	-	516	(13)	-	503
Loss for the period	-	-	-	-	(52,366)	(3,586)	(55,952)
Balance at 31 December 2012	**29,284**	**80,986**	**-**	**516**	**(50,140)**	**(15,991)**	**44,655**

* The share options includes warrants amounting to US$544,000.

Notes to the Group financial statements

1 Segmental reporting

The Group's continuing business comprises a single business segment, that of airline services. That business operates across a number of different geographical territories, all within Africa. Accordingly, segmental reporting disclosures are given by geographical segment only.

The role of Chief Operating Decision Maker, in the context of IFRS 8 "Operating segments" is considered to be fulfilled by the Executive Committee, which is made up of certain directors and senior management. That committee monitors the performance of the business segments and makes decisions about the allocation of resources between segments.

Analysis of results by geographic segment, for the 18 months ended 31 December 2012, is given below. It is noteworthy that the Group's continuing business commenced on 29 June 2012, on the acquisition of Lonrho Aviation (BVI) Limited (see note 21) and hence the figures below only include a little over six months of operations of the Group's airline business.

	Tanzania 2012 US$'000	**Angola 2012 US$'000**	**Ghana 2012 US$'000**	**Central 2012 US$'000**	**Total 2012 US$'000**
Revenue	3,567	13,080	4,190	231	**21,068**
EBITDA	(13,761)	(4,298)	(7,806)	(15,912)	**(41,777)**
Net profit/(loss)	(11,895)	(4,787)	(8,350)	(30,920)	**(55,952)**
Net assets/liabilities	(15,736)	(19,515)	(7,649)	87,555	**44,655**
Capital expenditure	314	7	30	184	**535**

No analysis is provided for the previous year because all activities in that year are classed as discontinued operations (see note 2).

2 Discontinued operations

The Company sold its 100% shareholding in Rubicon Software Limited (RSL) on 5 August 2011. The sale was highly probable at 30 June 2011, therefore the activities of RSL were classed as discontinued operations in the year ended 30 June 2011 and the associated assets and liabilities were classified as held for sale in accordance with IFRS 5 "Non-current assets held for sale and discontinued activities".

Notes to the Group financial statements

The amounts disclosed as discontinued in the income statement relate solely to the operations of Rubicon Software Limited and are analysed as follows:

	18 months ended 31 December 2012 US$'000	Year ended 30 June 2011 US$'000
Revenue	**115**	1,069
Other operating income	**-**	16
Operating charges	**(71)**	(1,040)
Finance costs	**-**	(5)
Tax	**-**	-
Result from operating activity net of tax	**44**	40
(Loss)/profit on disposal of discontinued operations	**(90)**	-
(Loss)/profit from discontinued activities	**(46)**	40

Amounts in the cash flow statement that relate to discontinued activities are as follows:

	18 months ended 31 December 2012 US$'000	Year ended 30 June 2011 US$'000
Operating cash flows	**-**	115
Investing cash flows	**164**	(10)
Financing cash flows	**-**	(101)

Assets and liabilities classed as held for sale are analysed as follows:

Assets:		
Property, plant and equipment	**-**	13
Receivables	**-**	655
Cash and cash equivalents	**-**	22
Assets held for sale	**-**	690
Liabilities:		
Trade and other payables	**-**	67
Accruals and deferred income	**-**	73
Loans	**-**	201
Liabilities associated with assets held for sale	**-**	341

Notes to the Group financial statements

3 Operating loss

Operating loss is stated after charging:	**18 months ended 31 December 2012 US$'000**	Year ended 30 June 2011 US$'000
Operating lease costs		
- Property	**679**	-
- Aircraft	**2,841**	-
- Other equipment	**-**	-
Depreciation of property, plant and equipment		
- Owned	**315**	-
- Held under finance leases	**1,372**	-
Amortisation of intangible assets		
- Other intangibles	**1,418**	-
Fees payable to the Company's auditor (and its network affiliates) for:		
- The audit of the Group's annual accounts	**128**	17
- The audit of subsidiary companies' accounts	**82**	15
- Taxation services	**8**	6
Share based payments	**299**	19

Amounts included in discontinued operations that require separate disclosure are as follows:

Depreciation of property, plant and equipment		
- Owned	**-**	10
- Leased	**-**	1
Property lease costs	**-**	216
Impairment of intangible assets	**-**	-
Amortisation of intangible assets	**-**	-
Share based payments	**-**	19

Notes to the Group financial statements

4 Employees

The average number of staff (including Directors) employed by the Group during the period amounted to:

	18 months ended 31 December 2012 Number	Year ended 30 June 2011 Number
Flight crew	**116**	-
Aircraft maintenance	**30**	-
Administration and management	**49**	8
Ground and flight operations	**117**	-
Sales and marketing	**59**	-
	371	8

The aggregate payroll costs of the above were:

	18 months ended 31 December 2012 US$'000	Year ended 30 June 2011 US$'000
Wages and salaries	**6,902**	538
Social security costs	**487**	64
Compensation for loss of office	**669**	-
Pension costs	**259**	8
Share based payments (note 23)	**299**	19
	8,616	629

5 Remuneration of Directors and other key management personnel

Notes to the Group financial statements

Remuneration of those serving as Directors during the period year is analysed below:

For the 18 months ended 31 December 2012:

	Salary US$'000	Fees US$'000	Benefits US$'000	Share based payments US$'000	Compen-sation for loss of office	Pension US$'000	Total US$'000
Robert Burnham	60	41	-	65	-	-	166
David Lenigas	85	-	-	32	-	-	117
Angus Saunders	-	-	-	-	-	-	-
Geoffrey White	85	-	-	32	-	-	117
Ed Winter	302	-	-	127	-	-	429
Richard Blakesley	93	-	-	43	669	-	805
Nicklas Blanchard	-	-	-	-	-	-	-
Alistair Hancock	-	-	-	-	-	-	-
Total	**625**	**41**	**-**	**299**	**669**	**-**	**1,634**

For the 12 months ended 30 June 2011:

	Salary US$'000	Fees US$'000	Benefits US$'000	Share based payments US$'000	Pension US$'000	Total US$'000
Richard Blakesley	-	2	-	-	-	2
Robert Burnham	19	-	5	14	-	38
Nicklas Blanchard	96	-	2	1	2	101
Alistair Hancock	147	-	2	-	-	149
Andrew Kirby	30	-	2	-	-	32
David Webber	-	2	-	-	-	2
Total	**292**	**4**	**11**	**15**	**2**	**324**

Notes to the Group financial statements

The amounts referred to above as share based payments are the charges required under IFRS 2. Details of options held are given below:

	At 1 July 2011	Granted in the period	Exercised	Lapsed	At 31 December 2012
Robert Burnham	375,000	23,000,000	-	-	23,375,000
David Lenigas	-	20,000,000	-	-	20,000,000
Angus Saunders	-	-	-	-	-
Geoffrey White	-	20,000,000	-	-	20,000,000
Ed Winter	-	40,000,000	-	-	40,000,000
Richard Blakesley	-	23,000,000	-	-	23,000,000
Nicklas Blanchard	525,000	-	-	(525,000)	-
Alistair Hancock	750,000	-	(750,000)	-	-
Total	**1,650,000**	**126,000,000**	**(750,000)**	**(525,000)**	**126,375,000**

Total remuneration of senior personnel, excluding directors, amounted to US$457,000 (2011: US$Nil).

Notes to the Group financial statements

6 Finance income and expense

	18 months ended 31 December 2012 US$'000	Year ended 30 June 2011 US$'000
Finance income		
Bank interest receivable	**8**	-
	8	-
Finance expense		
Bank overdraft interest	**238**	-
Bank loan interest	**204**	-
Finance lease interest	**1,128**	-
Other	**151**	-
	1,721	-

7 Tax

	18 months ended 31 December 2012 US$'000	Year ended 30 June 2011 US$'000
Current tax for the period	**-**	-
Adjustment to current tax in respect of previous periods	**-**	-
Deferred tax	**627**	-
	627	-
A reconciliation of the tax expense to the reported losses is given below:		
Loss before tax from continuing operations	**(55,279)**	(108)
Result on sale of discontinued operations	**(46)**	40
	(55,325)	(68)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 25% (2011: 21%)	**(13,831)**	(14)
Expenses not deductible for tax purposes	**-**	3
Impairment of goodwill non-taxable	**629**	**-**
Impairment of investment non-taxable	**3,342**	**-**
Deferred tax movement	**627**	
Tax losses carried forward	**9,860**	11
Total current tax charge	**627**	-

Notes to the Group financial statements

At 31 December 2012 the Group had accumulated tax losses of approximately US$34m (2011: US$0.5m) available for offset against future taxable trading profits. The ability to utilise these tax losses is uncertain in some jurisdictions and therefore the Directors consider it inappropriate to recognise this potential deferred tax asset until such time as the Group begins to generate taxable profits against which the losses will be utilised.

8 Discontinued Activities

The Company disposed of its interest in Rubicon Software Limited on 5 August 2011.

9 Loss per share

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

The weighted average number of shares in issue during the period was 680,165,214 (2011: 48,373,328). The loss for the purposes of basic earnings per share being the net loss attributable to the equity holders of the parent was US$52,366,000 (2011: US$68,000).

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

10 Goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating entities. The aggregate carrying amount of goodwill allocated to each CGU is as follows:

	Angola US$'000	Ghana US$'000	Tanzania US$'000	Other US$'000	Total US$'000
Cost					
At 1 July 2010 and 2011	-	-	-	-	-
Recognised on business combination	5,758	2,516	11,324	1,672	21,270
At 31 December 2012	5,758	2,516	11,324	1,672	21,270
Impairment					
At 1 July 2010 and 2011	-	-	-	-	-
Impairment for the period	-	2,516	-	-	2,516
At 31 December 2012	-	2,516	-	-	2,516
Net carrying amount					
At 31 December 2012	5,758	-	11,324	1,672	18,754
At 30 June 2010 and 2011	-	-	-	-	-

Notes to the Group financial statements

The goodwill recognised on business combination arising from the acquisition of Lonrho Aviation (BVI) Limited on 29 June 2012, being the difference between the fair value of the consideration paid and the fair value of the net assets acquired. See note 21 for more details of this business combination.

Impairment testing for cash generating units containing goodwill

Key assumptions used in the calculation of recoverable amounts are discount rates, terminal values and EBITDA growth rates. The values assigned to the key assumptions represented management's assessment of future growth trends in aviation both in Africa and the country of operation.

The discount rate was a pre-tax measure estimate based on the weighted average cost of capital adjusted for forecast and country specific risk based on debt leveraging of 40% based on a market interest rate of 8%.

Forecasts have been prepared on a value in use basis. Any significant change in the assumptions below could result in an impairment.

Angola

The Angolan CGU has detailed budgets for the current and following financial year. The goodwill attaching to the CGU was assessed against these forecasts for these two years and then EBITDA was forecast to grow at 3% per annum thereafter. A discount rate of 17% was applied when assessing the discounted cash flows.

Ghana

The Ghana CGU has detailed budgets for the current financial year and the following financial year and is expected to be loss making. The directors are in discussion with a potential investor to provide additional equity to restructure the Ghana entity. This restructuring has not been taken into account when assessing the future cash flows. The goodwill attaching to the CGU was assessed against these forecasts for these two years and then EBITDA was forecast to grow at 3% per annum thereafter. A discount rate of 17% was applied when assessing the discounted cash flows.

Tanzania

The Tanzanian CGU has detailed budget scenarios for the first two years. There were two scenarios which can only be included domestic operations. Those scenarios contemplated different competitive environments in the domestic market. The third scenario assumed that international route flights would be granted and that international flying would commence incrementally from June 2013. There are uncertainties built into the scenarios relating to the timing of international route rights being granted. A weighting was allocated to each scenario to calculate an expected outcome for the year. The assigned weightings differed between the first and second year. The goodwill attaching to the CGU was assessed against these budgeted scenarios and EBITDA was forecast to grow at 3% per annum based on the expected outcome for the second year. A discount rate of 20% was applied to calculate the discounted cash flows. The higher discount rate reflects the uncertainty attaching to the expected outcomes.

Notes to the Group financial statements

11 Other intangible assets

	AOCs US$'000	Brands US$'000	Customer contracts US$'000	Intellectual Property US$'000	Total US$'000
Cost					
At 1 July 2010 and at 1 July 2011	-	-	-	-	-
Recognised in business combination	11,797	956	48	141	12,942
Additions*	-	11,764	-	16	11,780
Reclassification from tangible assets	-	-	-	15	15
At 31 December 2012	11,797	12,720	48	172	24,737

The Chairman's statement sets out the Brands acquisition in more detail. This has been reviewed for impairment.

The carrying value of Air Operators Certificates ("AOC") intangibles have been reviewed along with goodwill (see note 10).

	AOCs US$'000	Brands US$'000	Customer contracts US$'000	Intellectual Property US$'000	Total US$'000
Amortisation and Impairment					
At 1 July 2010 and at 1 July 2011	-	-	-	-	-
Charge for the period	590	819	5	4	1,418
Reclassification from tangible assets	-	-	-	3	3
Foreign currency difference	-	8	-	-	8
At 31 December 2012	590	827	5	7	1,429
Net carrying amount					
At 31 December 2012	11,207	11,893	43	165	23,308
At 30 June 2011 and 30 June 2010	-	-	-	-	-

* Additions for Brands US$11,764,000 are non-cash items including share options as explained in note 23

Notes to the Group financial statements

12 Property, plant and equipment

	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 1 July 2010 and at 1 July 2011	-	-	-	-	-	-
Recognised on business combination	38,096	2	630	1,092	196	40,016
Additions	51	-	122	353	9	535
Disposals	(1,035)	-	-	-	-	(1,035)
Reclassification to intangible assets	-	-	-	(15)	-	(15)
Foreign currency difference	-	-	(1)	3	1	3
At 31 December 2012	37,112	2	751	1,433	206	39,504
Depreciation and Impairment						
At 1 July 2010 and at 1 July 2011	-	-	-	-	-	-
Charge for the period	1,456	-	62	127	42	1,687
Disposals	(93)	-	-	-	-	(93)
Reclassification to intangible assets	-	-	-	(3)	-	(3)
Foreign currency difference	10	-	(1)	(1)	2	10
At 31 December 2012	1,373	-	61	123	44	1,601
Net carrying amount						
At 31 December 2012	35,739	2	690	1,310	162	37,903
At 30 June 2011 and 30 June 2010	-	-	-	-	-	-

During the period the Group acquired leased assets of US$35m as part of the business combination (2011: US$Nil).

The net book value of property, plant and equipment held on finance leases was US$35,720,000 (2011: US$Nil).

Notes to the Group financial statements

13 Other investments

	Shares in Group undertakings US$'000
Cost	
At 1 July 2010 and at 1 July 2011	-
Recognised on business combination	27,864
Additions	4,750
At 31 December 2012	32,614
Amortisation and Impairment	
At 1 July 2010 and at 1 July 2011	-
Impairment for the period	13,366
At 31 December 2012	13,366
Net carrying amount	
At 31 December 2012	19,248
At 1 July 2010 and 1 July 2011	-

The investment is held at fair value through other comprehensive income.

The investment represents the Group's interest in Five Forty Aviation Limited.

The acquisition of Lonrho (BVI) Ltd on 29 June 2012 included 49% of Five Forty Aviation Limited.

Following the acquisition of a further 49.98% economic interest in Five Forty Aviation Limited which was approved at a General meeting on 29 June 2012 and completed on 2 July 2012, it became apparent that the vendor did not consider the acquisition had completed. This dispute has led to legal claims by both parties over the ownership and other matters. Following discussions, a Memorandum of Understanding was reached on 23 April 2013 where both parties agreed to stop legal proceedings against each other in order that mutually beneficial and constructive resolutions are discussed and implemented.

As a result of the dispute, the Directors are of the view that under IAS 27 they did not have control (which is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities) or significant influence (which is the power to participate in the financial and operating policy decisions of the investee but is not in control or joint control over those policies.) with effect from 29 June 2012. Consequently the Directors have accounted for their holding in Five Forty Aviation Limited as an Investment.

Given the disputes and lack of financial information and operational involvement, the Directors have impaired the investment by US$13,366,000 to US$19,248,000.

Notes to the Group financial statements

14 Trade and other receivables

	31 December 2012 US$'000	30 June 2011 US$'000
Trade and other receivables due after more than one year:		
Trade receivables	-	-
Prepayments and accrued income	-	-
Receivables due from related parties	576	-
Other receivables	6,601	-
	7,177	-
Trade and other receivable due within one year:		
Trade receivables	1,151	-
Prepayments and accrued income	5,121	7
Other receivables	2,167	1
	8,439	8

Movement in allowance for doubtful debts

	Receivables from related parties US$'000	Trade Receivables US$'000
At 1 July 2010 and 1 July 2011	-	-
Recognised in the income statement	7,649	27
At 31 December 2012	7,649	27

The impairment of the receivable due from a related party refers to Five Forty Aviation Limited. The investment has been impaired as described in note 13 and the related party receivable similarly impaired.

Notes to the Group financial statements

Amounts past due but unimpaired are as follows:

	31 December 2012 US$'000	30 June 2011 US$'000
Trade receivables		
Less than 60 days	**1,093**	-
More than 60 days	**58**	-
	1,151	-

The maximum exposure to credit risk for trade receivables by geographic region was:

	31 December 2012 US$'000	30 June 2011 US$'000
Tanzania	**223**	-
Angola	**586**	-
Ghana	**342**	-
	1,151	-

All amounts are short term. The carrying value of all receivables is considered a reasonable approximation of fair value.

The average period taken on trade receivables is 10 days (2011: US$Nil). No interest is charged on receivables.

15 Inventories

	31 December 2012 US$'000	30 June 2011 US$'000
Aircraft spares and consumables	**783**	-

Notes to the Group financial statements

16 Trade and other payables

	31 December 2012 US$'000	30 June 2011 US$'000
Trade and other payables – non-current		
Payables due to related parties	**7,893**	-
Other payables	**2,665**	-
	10,558	-
Trade and other payables – current		
Trade payables	**15,311**	-
Other taxation and social security	**1,339**	-
Other payables	**12,576**	-
Deferred income	**1,326**	-
Accruals	**4,845**	47
	35,397	47

Non-current payables due to related parties refers to loan balances with Five Forty Aviation Limited, the shares of which are held as an investment in accordance with note 13. Other payables refer to the net present value of liabilities under brand agreements.

The average credit period taken for trade purposes is 42 days (2011: Nil). The Directors consider the carrying amount of trade and other payables approximates to the fair value.

17 Deferred tax

	Liabilities US$'000
At 30 June 2010 and 30 June 2011	**-**
Recognised on business combination	**920**
Recognised in the profit or loss	**627**
At 31 December 2012	**1,547**

The Deferred tax liability at 31 December 2012 is related to the fair value of assets recognised on business combinations.

Notes to the Group financial statements

18 Loans and borrowings – current

	31 December 2012 US$'000	30 June 2011 US$'000
Bank loans	**1,998**	-

Bank loans are made under a 90 day revolving short term facility in Ghana secured by a corporate guarantee from Lonrho Aviation (BVI) Limited. Interest is payable at 6 month LIBOR plus 9.5%.

19 Finance lease obligations

	31 December 2012			30 June 2011		
	Future minimum lease payments US$'000	**Interest US$'000**	**Present value of future lease payments US$'000**	Future minimum lease payments US$'000	Interest US$'000	Present value of future lease payment US$'000
Less than one year	5,319	2,093	3,226	-	-	-
Two to five years	22,202	5,626	16,576	-	-	-
More than five years	7,420	363	7,057	-	-	-
Total	**34,941**	**8,082**	**26,859**	-	-	-

Interest is payable on the leases at 7.1% to 7.5% per annum.

Notes to the Group financial statements

20 Share capital and share premium

	Number of shares (GBP £0.01 each)	Share capital GBP '000	Share capital US$'000
At 1 July 2011	43,707,495	437	700
Issued during the period:			
Issued for cash	526,434,525	5,264	8,176
Shares issued to former Director	5,000,000	50	81
Issued in business combination	1,189,036,900	11,890	18,807
Exercise of share options	750,000	8	12
Brand license acquisition	93,327,995	933	1,508
At 31 December 2012	1,858,256,915	18,582	29,284

The share capital is made up 1,848,944,339 and 9,312,576 Deferred Ordinary shares. The Deferred Ordinary shares have no significant rights attached.

On 17 November 2011 40,000,000 new ordinary shares of 1p each were issued, fully paid, by a placing of shares of 1p per share.

On 13 December 2011 225,000,000 new ordinary shares were issued, fully paid, by a placing of shares at 4p per share.

On 29 June 2012 973,060,771 new ordinary shares were issued, fully paid, on a business combination at 4.8p per share.

On 29 June 2012 38,499,445 new ordinary shares were issued, fully paid, on a business combination at 4p per share.

On 31 August 2012 137,500,000 new ordinary shares were issued, fully paid, by a placing of shares at 4p per share.

On 7 August 2012 177,476,684 new ordinary shares were issued, fully paid, on a business combination at 4.8p per share.

On 7 August 2012 93,327,995 new ordinary shares were issued, fully paid, in connection with a brand licence agreement at 4.05p per share. The proceeds of US$ 6,108,000 were capitalised as an intangible asset.

On 30 November 2012 42,857,144 new ordinary shares were issued, fully paid, by a placing of shares at 3.5p per share.

On 13 December 2012 5,000,000 new ordinary shares were issued to a former Director, Richard Blakesley. The share price at that date was 3.6p. The cost of this award has been recognised in the income statement and then transferred to share capital and share premium.

Notes to the Group financial statements

On 12 December 2012 14,285,714 new ordinary shares were issued, fully paid, by a placing of shares at 3.6p per share.

On 13 December 2012 66,666,667 new ordinary shares were issued, fully paid, by a placing of shares at 3p per share.

21 Business combination

On 29 June 2012 the Company acquired Lonrho Aviation (BVI) Limited for total consideration of US$86.2m taking the form of 1,150,537,455 new shares issued at 4.8p (Sterling) per share.

Subsequently management have reviewed the fair value of the shares issued based on other share transactions at the time and assessed the fair value of consideration to be 4p. The 4p has been used to arrive at the fair value of the consideration. The reasons for the acquisition are outlined in the Chairman's statement. On completion of the acquisition, the Company holds the majority of the shares and voting rights in, and therefore had effective control of, all entities that made up Lonrho Aviation.

Subsequently it became apparent that the vendor of the 49.98% economic interest in Five Forty Aviation Limited did not consider that the acquisition had completed as described in note 13. The book values set out in the interim financial statements for the 6 months ended 30 June 2012 have been amended to show the whole of the acquired economic interest in Five Forty Aviation Limited as an Investment.

The fair values of net assets acquired, intangible assets recognised under IFRS3, and consideration are set out below. All fair values are provisional.

	Book value US$'000	Fair value adjustments US$'000	Provisional fair value US$'000
Intangible assets			
Brand	**-**	**956**	**956**
Air operators' certificates	**5,461**	**6,336**	**11,797**
Other intangible assets	**141**	**48**	**189**
Property, plant and equipment			
Aircraft	**41,925**	**(3,829)**	**38,096**
Other property, plant and equipment	**1,924**	**(4)**	**1,920**
Investments	**1,500**	**26,364**	**27,864**
Non current assets			
Trade and other receivables	**-**	**2,529**	**2,529**
Current assets			
Inventories	**595**	**(281)**	**314**
Cash and cash equivalents	**4,366**	**(254)**	**4,112**
Trade and other receivables	**11,971**	**(8,371)**	**3,600**

Notes to the Group financial statements

Current liabilities			
Bank overdraft	**(2,116)**	**(47)**	**(2,163)**
Loans and borrowing	**(3)**	**(1,770)**	**(1,773)**
Finance Leases	**(3,490)**	**-**	**(3,490)**
Trade and other payables	**(14,649)**	**(2,971)**	**(17,620)**
Non-current liabilities			
Loans and borrowings	**(1,770)**	**1,770**	**-**
Finance leases	**(24,577)**	**78**	**(24,499)**
Trade and other payables	**(2,310)**	**(591)**	**(2,901)**
Deferred tax	**-**	**(920)**	**(920)**
Net assets	**18,968**	**19,043**	**38,011**
Goodwill recognised			**21,270**
Non-controlling interest recognised			**12,405**
Consideration			**71,686**

Goodwill represents the excess of the fair value of the consideration paid compared to the fair value of net assets acquired less the fair value of non-controlling interests, and reflects those assets that do not qualify for separate recognition under IFRS3, for example the acquired workforce and industry knowhow, and the synergistic gains arising from the business combination.

Had the acquisition occurred on 1 July 2011, revenues of the enlarged group would have been US$44,927,000 and the loss before tax would have been US$88,886,000 for the 18 months ended 31 December 2012.

22 Subsidiaries

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

Name	**Country of Incorporation**	**Activity**	**% of Voting rights held**
Lonrho Aviation (BVI) Limited	British Virgin Islands	Airline Services	100%
Lonrho Air (BVI) Limited	British Virgin Islands	Airline Services	100%
Fly 540 Sociedade de Aviacao Civil S.A.	Angola	Airline Services	60%
540 Ghana Limited	Ghana	Airline Services	92.50%
Fly 540 (T) Limited	Tanzania	Airline Services	90%
Lonrho Air (2) (BVI) Limited	British Virgin Islands	Airline Services	100%
Lonrho Air (Three) (BVI) Limited	British Virgin Islands	Airline Services	100%
Lonrho Air (4) Limited	Mauritius	Airline Services	100%
Fastjet Leasing PCC Limited	Guernsey	Leasing	100%
Fastjet Holdings (Guernsey) Limited	Guernsey	Holding Company	100%

Inclusion of all the subsidiaries of the Group would be excessive therefore only significant trading entities are shown above.

Notes to the Group financial statements

The shares in Lonrho Air (4) Limited are held by an orphan trust registered in Mauritius. Whilst Lonrho Air (4) Limited is not a subsidiary of Lonrho Aviation (BVI) Limited it is managed under a management agreement to which Lonrho Aviation (BVI) Limited is a party. Under the management agreement, Lonrho Air (4) Limited must meet its obligations under the financing arrangements and Lonrho Aviation (BVI) Limited agrees to ensure that Lonrho Air (4) Limited is in funds to meet its obligations. In addition, Lonrho Aviation (BVI) Limited can terminate the agreement on 60 days' notice giving it an element of control of Lonrho Air (4) Limited and its operation. For this reason the Group has consolidated its interest in that Company.

Exchange control procedures exist in Angola and Kenya which place restrictions on repatriation of cash to the Group.

23 Share based payments

The Company has issued various options and warrants. Share options have been issued to directors as part of their remuneration and incentive packages, and also to easyGroup Holdings as part of the consideration for the brand licence agreement outlined in the Chairman's Statement. Warrants have been issued to WH Ireland as part consideration of their fees in respect of share placings.

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	**Number of options granted**	**Vesting conditions**	**Contractual life of options**
Options granted to directors			
On 13 June 2012	6,000,000	Completing reverse take over	13.06.12 to 13.06.22
On 13 June 2012	80,000,000	20 million passengers in proceeding 12 months	13.06.12 to 13.06.17
On 27 July 2012	20,000,000	20 million passengers in proceeding 12 months	27.07.12 to 27.07.17
On 27 July 2012	5,000,000	6 million passengers in proceeding 12 months	27.07.12 to 27.07.17
On 27 July 2012	5,000,000	12 countries under fastjet brand	27.07.12 to 27.07.17
On 27 July 2012	5,000,000	$10m EBITDA in proceeding 12 months	27.07.12 to 27.07.17
On 27 July 2012	5,000,000	Volume weighted average ordinary share price is greater than 60p for 60 day period	27.07.12 to 27.07.17
Option granted for Brand licence on 2 August 2012	207,395,455	None	02.08.12 to 02.08.16

Notes to the Group financial statements

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.

	Date of grant		
	13.06.12	**27.07.12**	**02.08.12**
Share price	3.05p	3.98p	3.98p
Exercise price	5p	5p	5.02p
Expected volatility	50%	50%	50%
Expected life	2.5 years	5 years	2 years
Expected dividends	0	0	0
Risk-free interest rate	2%	2%	2%

The options granted on 13 June 2012 in respect of the completion of the reverse take over have vested.

Expense recognised in the profit or loss

	18 months to 31 December 2012	Year end 30 June 2011
Equity settled share-based transactions		
Share options granted in year ended 30 June 2011	-	19
Share options granted in the 18 months to 31 December 2012	299	-
Total expense recognised for equity-settled share based payments	**299**	19

As well as amounts recognised in the income statement the Group has capitalised US$1,543,000 (2011: US$Nil) of share based payments as intangible assets, forming part of the brand additions in note 11. The fair value of this is detailed above. In addition US$613,000 of share based payments as share issue costs are deducted from share premium.

Notes to the Group financial statements

Reconciliation of outstanding share options

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

	18 months ended 31 December 2012		Year ended 30 June 2011	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of period	1,650,000	2.3p	1,763,750	2.2p
Granted during the period	333,395,455	5.05p	-	-
Exercised during the period	(750,000)	1p	-	-
Lapsed during the period	(525,000)	1p	(113,750)	1p
Outstanding at end of the period	333,770,455	5.05p	1,650,000	2.3p

The options outstanding at 31 December 2012 have an exercise price in the range of 1p to 6p (2011: 1p to 6p) and a weighted averaged contractual life of 2.7 years.

24 Financial instruments – risk management

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 reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Foreign currency exchange risk management

The Group operates in several African currencies and so is exposed to some exchange rate risk. There is a fair degree of natural hedging in that the operating subsidiaries largely generate revenues and costs in the same currencies. Further exchange exposure arises from the Group's financing (in particular share issues) being largely denominated in Sterling.

Notes to the Group financial statements

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.

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. This is discussed in more detail in the Principal accounting policies.

25 Financial instruments – analysis

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

	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	26,859	34,941	5,319	4,031	18,171	7,420
Trade payables	15,311	15,311	15,311			
Other payables	15,241	17,099	12,599	500	1,500	2,500
Payables due to related parties	7,893	7,893	-	-	-	7,893
Bank overdrafts	2,018	2,018	2,018	-	-	-
Bank loans	1,998	1,998	1,998	-	-	-
Total	**69,320**	**79,260**	**37,245**	**4,531**	**19,671**	**17,813**

At 30 June 2011 all financial liabilities were current and expected to mature within 3 months of the balance sheet date.

The interest profile of financial liabilities was as follows:

	Loans and borrowings US$'000	Finance Leases US$'000	Overdraft US$'000	Other financial liabilities US$'000	Total US$'000
Fixed interest	-	26,859	-	-	26,859
Variable interest	1,998	-	2,018	-	4,016
No interest	-	-	-	68	68
	1,998	26,859	2,018	68	30,943

Notes to the Group financial statements

Details of the Group's financial assets and liabilities by currency (converted into US$) are as follows:

	Monetary assets US$'000	Monetary liabilities US$'000
US Dollars	15,059	51,465
Tanzanian Shilling	3,022	12,038
Ghanaian Cedi	1,322	7,483
Angolan Kwanzan	3,701	7,460
	23,104	78,446

26 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 or follows:

	Aircraft US$'000	Property US$'000	Other US$'000	Total US$'000
At 31 December 2012				
Less than one year	6,383	783	-	7,166
One to five years	13,685	286	-	13,971
More than five years	-	-	-	-
	20,068	1,069	-	21,137
At 30 June 2011				
Less than one year	-	-	-	-
One to five years	-	19	-	19
More than five years	-	-	-	-
	-	19	-	19

27 Capital commitments

Capital commitments of US$11,000 will be paid within the next financial year.

28 Contingent liabilities

There were no contingent liabilities at the reporting date (2011: US$Nil), the outturn of which the Directors consider could materially impact the financial statements.

29 Related parties

The Group has related party relationships with its subsidiaries (see note 22) and companies with which the group holds an investment (see note 13).

Notes to the Group financial statements

There were no material transactions with Five Forty Aviation Limited in the period following acquisition.

Ultimate controlling party

During the period, a majority of the company's shares were held by Lonrho Plc. However the shareholders agreement with Lonrho Plc is structured such that Lonrho Plc does not control the Group.

Transactions with subsidiaries

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

At the reporting date the Group holds an investment in Five Forty Aviation Limited (see note 13). The net balances due from Five Forty Aviation Limited before impairment were US$332,000.

Transactions with key management personnel

Key management personnel are considered to be the Company's Directors.

Details of Directors' remuneration is given in note 5.

30 Events after the balance sheet date

Post balance sheet events share issues

Since the balance sheet date shares have been issued under two agreements:

On 13 November 2012 the Company had entered into an equity financing facility ("EFF") with Darwin Strategic Limited ("Darwin").

On 7 March 2013 the Company entered in to an arrangement with the Bergen Global Opportunity Fund, LP ("Bergen") for a £15,681,750 zero coupon convertible securities facility in a staged funding to facilitate expansion ("Bergen Agreement"). Warrants over 68,000,000 shares were also issued to Bergen.

On 15 January 2013 26,666,666 new ordinary shares of 1p each were issued, fully paid, via a draw down on its EFF with Darwin at an issue price of 4p per share under the EFF agreement.

On 25 January 2013 12,500,000 new ordinary shares were issued, fully paid, via a draw down on its EFF with Darwin at an issue price of 4p per share under the EFF agreement.

On 4 February 2013 12,500,000 new ordinary shares were issued, fully paid, via a draw down on its EFF with Darwin at an issue price of 4p per share under the EFF agreement.

On 15 February 2013 16,250,000 new ordinary shares were issued, fully paid, via a draw down on its EFF with Darwin at an issue price of 3.25p per share under the EFF agreement.

On 19 February 2013 155,555,556 new ordinary shares were issued, fully paid, by a placing of shares at 2.25p per share ("Placing Shares") to certain investors. Warrants over 77,777,778

Notes to the Group financial statements

shares were also issued at 5p per ordinary share with an exercise period of twelve months.

On 26 February 2013 1,000,000 new ordinary shares were issued, fully paid, further to an exercise of 1,000,000 warrants at an exercise price of 1p per share.

On 14 March 2013 44,000,000 new ordinary shares were issued, fully paid, at 1p per share as collateral to the Bergen agreement and the first convertible security was issued with a nominal value of £2,556,750 and an 18 month term.

On 29 April 2013 160,000,000 new ordinary shares were issued, fully paid, by a placing of shares at 1.25p per share.

On 8 May 2013 37,692,308 new ordinary shares were issued, fully paid, at 1.3p per share in respect of the conversion of a principal amount of £490,000 under the Bergen Agreement.

On 28 May 2013 45,454,545 new ordinary shares were issued, fully paid, at 1.1p per share in respect of the conversion of a principal amount of £500,000 under the Bergen Agreement.

Memorandum of understanding in respect of Five Forty Aviation Limited

On 22 April 2013 a memorandum of understanding was signed with the vendors of the 49.98% economic interest of Five Forty Aviation Limited (see note 13).

Parent Company balance sheet

	Note	**31 December 2012 US$'000**	30 June 2011 US$'000
Assets			
Investments	3	**62,055**	248
Intangible assets	4	**11,176**	-
Fixed assets	5	**152**	-
		73,383	248
Current assets			
Cash at bank and in hand		**468**	5
Debtors	6	**9,116**	104
		9,584	109
Creditors: amounts falling due within one year	7	**(4,718)**	(96)
Net current assets		**4,866**	13
Creditors: amounts falling due after more than one year	7	**(2,665)**	-
Net assets		**75,584**	261
Capital and reserves			
Called up equity share capital	8	**29,284**	700
Share premium account		**80,986**	666
Profit and loss account		**(34,686)**	(1,105)
Shareholders' funds	**10**	**75,584**	261

These financial statements were approved and authorised for issue by the Directors on 31 May 2013 and are signed on their behalf by:

Edward Winter
Director and Chief Executive
Company registration number: 5701801

Notes to the Parent Company Financial Statements

1 Principal accounting policies

A summary of the principal accounting policies used in preparing the Parent Company financial statements is set out below:

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

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 in US Dollars.

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

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its consolidated financial statements, which include the Company, are publicly available.

Investments

Investments are included at cost less amounts written off.

Intangible assets

Intangible assets are recognised at cost less accumulated amortisation charges any provision for impairment. Amortisation is charged on a straight line basis, as follows:

Brand licence agreement	10 years

Fixed assets

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:

Aircraft	- 5% to 7% of cost
Leasehold property	- term of the lease
Leasehold improvements	- term of the lease
Motor vehicles	- 25% of cost
Fixtures, fittings and office equipment	- 15% to 25% of cost
Plant and machinery	- 10% of cost

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.

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Notes to the Parent Company Financial Statements

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

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

2 Loss of the parent company

No profit and loss account is presented for the Parent Company as permitted by Section 408 of the Companies Act 2006. The Parent Company's loss for the period was US$36,967,000 (2011: US$244,000).

3 Investments

	Shares in subsidiaries US$'000
Cost	
At 1 July 2011	480
Additions	76,437
Disposals	(480)
At 31 December 2012	76,437
Accumulated impairment charges	
At 30 June 2011	232
Released on disposal during the period	(232)
Impairment charge recognised in the period	(14,382)
At 31 December 2012	(14,382)
Net book value	
At 31 December 2012	62,055
At 30 June 2011	248

Additions in the period relate to the acquisition of Lonrho Aviation (BVI) Limited and the economic interest in a further 49.98% of Five Forty Aviation Limited, details of which are given in note 13 to the Group financial statements.

The impairment charge in the period relates to the investment in Five Forty Aviation Limited, details of which are given in note 13 to the Group financial statements and 540 Ghana Limited.

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Notes to the Parent Company Financial Statements

4 Intangible assets

	Brands US$'000
Cost	
At 1 July 2011	-
Additions*	11,764
At 31 December 2012	11,764
Amortisation and impairment	
At 1 July 2011	-
Charge for the period	588
At 31 December 2012	588
Net carrying amount	
At 31 December 2012	11,176
At 30 June 2011	-

* Additions to Brands are non-cash items

5 Fixed assets

	Plant and machinery US$'000	Fixtures and equipment US$'000	Total US$'000
Cost			
At 1 July 2011	-	-	-
Additions	122	44	166
At 31 December 2012	**122**	**44**	**166**
Amortisation and impairment			
At 1 July 2011	-	-	-
Charge for the period	10	4	14
At 31 December 2012	10	4	14
Net carrying amount			
At 31 December 2012	112	40	152
At 30 June 2011	**-**	**-**	**-**

The net book value of property, plant and equipment held on finance leases was US$Nil (2011: US$Nil).

Notes to the Parent Company Financial Statements

6 Debtors	31 December 2012 US$'000	30 June 2011 US$'000
Debtors		
Amounts owed by Group undertakings	**6,672**	-
Other	**5**	-
Other debtors	**744**	2
Prepayments and accrued income	**1,695**	102
	9,116	104

7 Creditors: amounts falling due within one year	31 December 2012 US$'000	30 June 2011 US$'000
Trade and other payables		
Trade payables	**3,228**	-
Other taxes and social security	**191**	-
Other payables	**490**	-
Amounts owed to group undertakings	**-**	50
Accruals	**809**	46
	4,718	96
Creditors: amounts falling due after more than one year		
Other payables	**2,665**	-

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

8 Share capital

See note 20 of the Group financial statements.

9 Share based payments

See note 20 of the Group financial statements.

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Notes to the Parent Company Financial Statements

10 Parent Company reconciliation of movements in shareholders' funds

	Share capital US$'000	Share premium US$'000	Translation Reserve US$'000	Profit and loss US$'000	Total equity US$'000
Balance at 1 July 2011	700	666	-	(1,105)	261
Share issued	28,584	80,320	-	-	108,904
Share based payments	-	-	-	280	280
Share options issued	-	-	-	3,106	3,106
Transactions with owners	28,584	80,320	-	3,386	112,290
Loss for the period	-	-	-	(36,967)	(36,967)
Balance as at 31 December 2012	29,284	80,986	-	(34,686)	75,584

11 Related party transactions

See note 29 of the Group financial statements.

12 Events after the balance sheet date

See note 30 of the Group financial statements.

13 Contingent liabilities

See note 28 of the Group financial statements

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