fastjet Plc and its subsidiary undertakings

Annual report and financial statements

For the year ended 31 December 2013

Company No. 5701801

Contents

Board of Directors

Edward Winter, Chief Executive Officer and Interim Executive Chairman

Ed Winter has over 40 years of airline experience spanning 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, he 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

Angus 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. He spent 12 years there as Finance Director before leaving to work with Flybe on the 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.

Richard Bodin, Chief Commercial Officer

Richard Bodin joined fastjet in June 2012 at the Company's re-admission having previously served as a consultant with easyGroup from the commencement of the project in November 2011. In his role as Chief Commercial Officer he has been instrumental in the development of the Company, in particular in developing the marketing and commercial strategy to successfully introduce the low cost airline business model in Tanzania. Following completion of his MBA, at Bradford University Management Centre, in 1996 he joined easyJet, as contracts manager, progressing in 2001 to the travel insurance business of AIG (Europe) Ltd. He subsequently re-entered the airline industry as Business Director of Jet2.com Ltd in 2004 and Managing Director of Jet2Holidays. Richard further held roles with Virgin Holidays as a Director, joining in 2010, and Low Cost Travel Group Limited as Director of Strategic Relationships, joining in 2011.

Krista Bates, General Counsel

Krista Bates has contributed significantly to fastjet's development as a professional adviser, having advised the Company on commercial and legal matters in east Africa and the UK since its re-admission. Prior to joining fastjet, Krista pursued a career as a corporate lawyer, having trained and qualified with Simmons & Simmons in London in 2001. She subsequently practiced with Linklaters in the London corporate group, Clyde & Co LLP (formerly Shadbolt) in London and Tanzania, and Anjarwalla & Khanna in Kenya. Krista has advised a diverse base of private and listed national and international clients and in recent years has focused on investments across eastern Africa. She is a member of the England & Wales Law Society.

Board of Directors

Robert Burnham, Non-Executive Director

Robert 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.

Clive Carver, Non-Executive Director

Clive Carver joins the board as a non-executive Director. After qualifying as a chartered accountant with Coopers & Lybrand in 1986, Clive pursued a career as a corporate financier with Shire Trust, Kleinwort Benson, Price Waterhouse, Williams de Broe and Seymour Pierce, culminating in his role in 2006 as a founding Director and Head of Corporate Finance of finnCap, which he undertook until 2011. He presently holds a number of non-executive appointments, being Chairman of three quoted companies, primarily in the natural resources sector and a non-executive director of Darwin Strategic Limited.

Company details and advisors

Registered Number	5701801
Directors	Edward Winter (Chief Executive Officer and Interim Executive Chairman) Angus Saunders (Chief Financial Officer) Richard Bodin (Chief Commercial Officer) Krista Bates (General Counsel) Robert Burnham (Non-Executive Director) Clive Carver (Non-Executive Director)
Company Secretary	Angus Saunders
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	Laytons 2 More London Riverside London SE1 2AP
Financial PR	Citigate Dewe Rogerson 3 London Wall Buildings London Wall London EC2M 5SY

Strategic Report

History

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, 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 (B.V.I.) Limited ("Lonrho Aviation"), the holding company representing Lonrho Plc's interest in a pan-African airline business operating under the 'Fly540' brand. 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 completed on 2 July 2012. Subsequently, it became apparent that the vendor of the 49.98% economic interest in Five Forty Aviation Limited did not consider the acquisition had been completed as described in note 14. Thereafter, the acquisition was treated as an Investment.

On 6 August 2012 The Company was renamed fastjet Plc.

On 29 November 2012 the first fastjet flight operated from Dar es Salaam to Mwanza with an Airbus A319 aircraft.

On 22 April 2013, a memorandum of understanding was signed with the vendors of the 49.98% economic interest of Five Forty Aviation Limited. This MOU provided a framework to work with the vendors to resolve certain disputed matters.

In July 2013 Lonrho Plc was taken private by a consortium led by two Swiss entrepreneurs and subsequently sold their shareholding in fastjet Plc with the new owners wanting to concentrate on Lonrho's core business.

On 18 October 2013 fastjet Tanzania operated its first international flight which was from Dar es Salaam to Johannesburg.

On 1 February 2014 fastjet Tanzania launched flights to Lusaka, Zambia.

On 29 April 2014 the Company announced that it had suspended Fly 540 Angola operations pending completion of restructuring.

On 16 May 2014 the Company announced that it had suspended Fly 540 Ghana operations pending completion of restructuring.

On 23 June 2014 the Company announced that it had put on sale its third international route, Dar es Salaam to Harare.

Strategic Report

On 24 June 2014 fastjet Plc signed a Settlement Deed disposing of its investment in Five Forty Aviation Limited ("Fly 540 Kenya"), the loss-making investment it inherited from Lonrho Aviation. In doing so, the Company wholly removed Fly 540 Kenya from the fastjet Group. All legal and financial ties between the two companies were severed and fastjet was fully indemnified against any and all liabilities relating to Fly 540 Kenya.

The fastjet business model

To become the most successful pan African Low Cost airline
Making reliable and safe air travel accessible to all

Operate to International standards of Safety, Security & Quality

"Peoples Champion" Democratising air travel in Africa

Operating modern Jets on the world wide proven Low Cost Carrier model

Rapid growth of a high density regional African route network

fastjet

Differentiating the brand - Reliability and Punctuality

Distribution: embracing a multi-channel network (not just internet)

Low cost fares: 500km route - $80 to $100 average with fares starting from $20 (excluding taxes and charges)

With a population of over 1 Billion people, rapidly growing economies fuelling the growth of the middle classes, increasingly stable governments and huge mineral, gas and oil finds, Africa represents a significant opportunity for a low cost carrier. Africa currently represents 15% of the world's population, 20% of the land mass but only 3% of the aviation.

fastjet has successfully implemented a business plan that is based upon the well proven low cost carrier model in evidence across the globe. Using modern Airbus, single class jet aircraft, flying "point to point" to large urbanisations, fastjet has focused on being safe, reliable and punctual. This alone has differentiated fastjet in the Tanzanian market. Over 95% of fastjet's flights operated in 2013 were on time and less than 1% were cancelled.

In many cases, fastjet "outsources" its non-core activities such as engineering and passenger handling at airports. This provides economies of scale benefits and access to expertise without taking on high start-up and operational costs.

Additionally fastjet has introduced a "market stimulating" yield management practice that offers exceedingly low fares designed to attract passengers that would not previously have considered flying as an affordable option. These passengers would have either travelled on long, arduous bus journeys or, indeed, not travelled at all. They are now able to take advantage of fares as low as $20 (plus government taxes). This practice has dramatically grown the aviation market in Tanzania - in a survey of fastjet passengers conducted 6 months after launch, 38% of fastjet's passengers questioned had never flown before.

Strategic Report

fastjet has successfully adapted the "traditional" Low Cost model to meet the challenges of cultural, infrastructural or attitudinal differences encountered in Africa. For example internet penetration is increasing from a very low base (less than 10%) in East Africa driven by mobile phone internet access rather than desk top usage. To that end fastjet has developed a highly successful m-commerce platform that allows seat sales and ticket payment on mobile phones. It also contracts with travel agents to sell its seats – another departure from the traditional model.

The value of Social Media has been fully embraced. With over 190,000 followers on its two Facebook sites, vibrant Twitter and Instagram accounts, fastjet has dramatically reduced its cost of communication and its subsequent cost of acquisition. These channels also allow for instant feedback from customers.

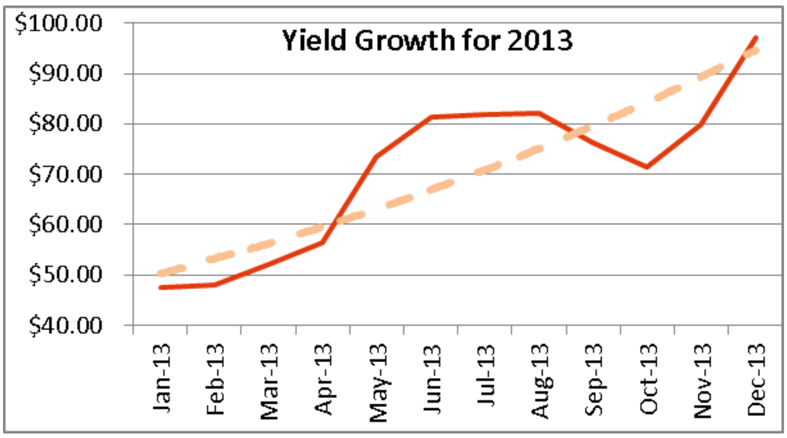
The fastjet network has grown substantially. It is now dominant on all its domestic routes and has launched three international routes (from Dar es Salaam to Johannesburg, Lusaka and Harare). fastjet intends to add additional frequencies on existing routes, add new destinations as they become available and build new bases in other African countries.

Finally fastjet is proud to have built a high quality workforce in Tanzania. It has offered employment opportunities to over 150 local staff and fastjet has trained 12 East African pilots, including 2 Captains, to operate the A319. However, the fastjet resourcing strategy also maximises the benefits of a central service structure with some core functions (revenue management for example) being supplied across the network by a central UK based team.

Financial performance

<u>fastjet Tanzania</u>

Following launch on 29 November 2012, fastjet rapidly developed a reputation for reliability and punctuality. This reputation led to the low cost model of booking early for the cheapest prices being rapidly adopted by Tanzanian passengers. Punctuality (arrival with 15 minutes of schedule) has been in excess of 95% and cancellations less than 1%. This has enabled effective revenue management with early booker paying US$20 plus taxes one way and customers booking on the day paying upwards of US$200. Yield per passenger grew from US$47 in January 2013 to US$97 in December 2013. The market has been hugely stimulated with 38% of passengers in the first 5 months being first time flyers.

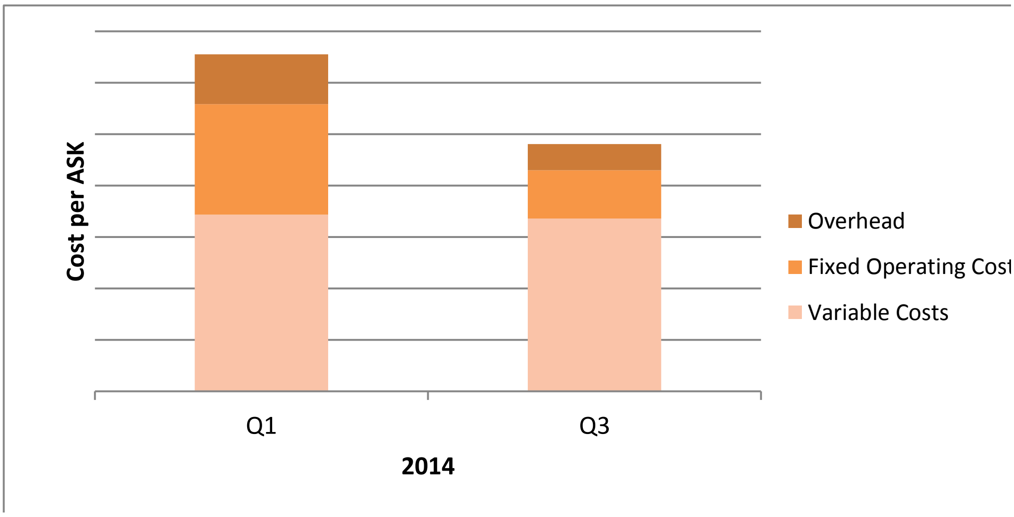


Although the yield is at a level which could provide a profitable operation, resources are not being utilised fully and capacity needs to increase before fixed cost and overheads can be fully covered.

Higher frequencies and more international routes are being progressively introduced to increase aircraft utilisation from 5.7 hours per day in Q1 2014 up to a planned 11.7 hours per day by end of Q3 2014.

Strategic Report

Almost twice the number of seats will be available with virtually the same fixed costs (Aircraft Leases, Insurance, Fixed Maintenance etc.) and overheads, generating a forecast 53% drop in Fixed Cost per Available Seat Kilometre (CASK) and a forecast 27% reduction in Total CASK.



Fly 540

All of the Fly 540 operations inherited from Lonrho Aviation have been disappointing and have not performed as contemplated at the time of the acquisition.

Fly 540 Tanzania. This was a very small operation and was replaced by fastjet Tanzania in November 2012.

Fly 540 Kenya. Following a thorough and lengthy evaluation of Fly 540 Kenya, the company concluded that converting the business into the fastjet low cost model would not be economically viable. All legal and financial ties between Fly 540 Kenya and the fastjet group have been removed, and fastjet is fully indemnified against any and all liabilities relating to Fly 540 Kenya.

Disposing of the investment in Fly 540 Kenya, allows fastjet Plc to pursue its priority objective of creating fastjet Kenya as a new entity which will operate to the same low cost model and high standards as fastjet Tanzania and use the same distribution platforms.

Fly 540 Ghana. Operations are currently suspended pending completion of restructuring. There are infrastructure issues at Ghanaian airports that need rectification prior to the introduction of a fastjet operation. The country is also currently suffering from adverse economic conditions with the Ghana Cedi / US$ exchange rate deterioration over the past year adding considerable costs to aviation where many costs are US$ denominated. fastjet Plc remains confident that West Africa and Ghana in particular presents very significant long-term opportunities for the fastjet low cost model. Fly 540 Ghana had an $11.7m adverse impact on the financial results of the group in 2013.

Fly 540 Angola. Operations are currently suspended pending completion of restructuring. Although Angola, with its lack of current air capacity and rapid GDP growth, represents an opportunity, the difficulties of remitting currency, government imposed competitive restrictions and the logistical hurdles of importing aircraft spares make this a poor investment opportunity at the current time. Fly 540 Angola had a $22.8m adverse impact on the financial results of the group in 2013.

During 2013 less than $650,000 of fastjet Plc cash was utilised in the legacy Fly540 operations.

Strategic Report

Changes to the board

On 10 June 2013 David Lenigas resigned as Executive Chairman.

Having been Executive Chairman since launch and making an invaluable contribution leading the Company successfully through its first year, David stepped down in order to concentrate on his other business ventures.

On 24 July 2013 Geoffrey White resigned as Executive Director

Following the privatisation of Lonrho, Geoffrey resigned to be able to focus all of his time on the Lonrho core businesses. He had been an Executive Director of fastjet since the beginning and provided the Board with great support with his unrivalled African experience and knowledge.

On 1 June 2014 Krista Bates was appointed as Executive Director and General Counsel

Krista had been providing legal services to fastjet for the previous 20 months through her role as a corporate consultant at a leading Nairobi law firm. Her appointment deepens fastjet's legal and strategic capabilities across Africa and the UK as the Company expands its operations and continues to develop strategies against Africa's complex legal and political background. Having Krista as a part of the team will be a huge advantage, given her wealth of experience and knowledge gained in both UK and Africa.

On 1 June 2014 Richard Bodin, Chief Commercial Officer, was appointed as Executive Director

Richard was a part of the team that developed the original fastjet business plan, and as Chief Commercial Officer he played a vital role proving the low cost model can be successful in Africa. His input will be invaluable at Board level.

On 1 June 2014 Clive Carver was appointed as Non-Executive Director

Clive's appointment adds another dimension to the Board. Clive adds essential and extensive city experience to the Board as the Company moves forward in this next phase of development. His experience and reputation, gained working in corporate finance both with merchant banks and broker Finncap and his position as a Board member on a range of companies will be a real asset to the Board.

Funding

Bergen Global Opportunity Fund

On 21 June 2013 the Company made the final conversion of securities issue to Bergen Global Opportunity Fund. In the year ended 31 December 2013 the facility was used to raise $4.2m (£2.6m)

Darwin Strategic Limited

On 10 April 2014 the Company terminated the Equity Financing Facility ('EFF') with Darwin Strategic Ltd which was originally announced on 13th June 2013 and further extended on 12th March 2014. This facility has served the Company well, providing capital to allow the Company to successfully reach its current position from where it can now expand, but is no longer required to finance further growth.

In the year ended 31 December 2013 the facility was used to raise $24.9m (£15.9m)

Fund raising in 2014

Having proved the low cost model in fastjet Tanzania the Company was able to complete a very successful fund raising in April 2014. Gross proceeds of $24.8m (£14.9m) were raised through a placing and an open offer. The $18.2m (£11m) placing brought a number of key institutional investors, Standard Life, Henderson Global, Majedie and City Financial on to fastjet's share register with management also investing over $1.6m (£1m). Director's shareholdings are now: Edward Winter 31,300,000, Angus Saunders 6,250,000, Richard Bodin 3,125,000 and Robert Burnham 147,305.

Strategic Report

Sir Stelios Haji-Ioannou invested \$1.6m (£1m) in the placing and also agreed to terminate the Management Fee in exchange for \$2.5m (£1.5m) in shares at the placing price. This replaces 8 years at 605k euro per year plus inflation. In money of the day terms easyGroup exchanges a receivable of £4.3m in return for equity valued at \$2.5m (£1.5m) as another show of confidence. The rest of the Brand Licence and royalty remain in place unchanged until July 2022 at which time fastjet will own the brand.

The funds raised in April have been allocated to funding fastjet Tanzania until it becomes cash flow positive, funding central services and improving IT capability to support future bases, initial capital to set up licences and approvals for future bases, which at the moment are planned to be in Zambia, Kenya and South Africa with a level of contingency to cover the unpredictable timing of African government approvals.

Once each base is ready to commence operations further capital will be required to launch services. fastjet Plc capital contribution will depend upon the level of local equity raised.

Current trading

Capacity has increased over the past months with total seats flown in May increasing to 60,320 from 54,230 in April, an 11% increase. Year on year seats increased by 68% and revenue increased by 81% compared to May 2013.

Individual route increases have been Dar es Salaam to Lusaka - 27% (May vs April); Dar es Salaam Mbeya - 43% (May vs April); Dar es Salaam to Mwanza 23% - (April vs March). Tanzanian domestic routes have come under increased competitive pressure over the past few months with irrational pricing behaviour from both Precision Air and Air Tanzania. Management do not see this as a long term threat and our increased frequencies are combating that pressure.

A new international route from Dar es Salaam to Harare, Zimbabwe is now on sale, with first flights scheduled to operate on 2nd August. More international routes will be announced in the near future.

Regulatory environment

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

The Company continues to lobby at the highest level of governments and within the industry to promote relaxation of the regulatory environment regarding route rights.

On the other hand the regulatory environment regarding operating standards and safety within the industry is variable and in some cases well below international standards. As a consequence, fastjet imposes constraints on its own operations to comply as though the airline was regulated in Europe. The Company takes every opportunity to lobby for improved safety and operational regulation and oversight by the various civil aviation authorities.

Future developments

The Company has a two phase growth strategy for the next 4 years.

Phase 1: Building up the Tanzanian base
Increased frequency on existing routes (Dar es Salaam to Mbeya, Mwanza, Kilimanjaro, Lusaka, Johannesburg and Harare), and adding new routes including routes to Kenya, Malawi and Uganda to fully utilise current resources.

Strategic Report

Tanzania Planned Fleet Growth:

2014	2015	2016	2017	2018
3	5	6	6	6

Phase 2: Rolling-out beyond Tanzania

Tanzania, Kenya, South Africa and Zambia have been identified as major growth opportunities. There are approximately 160m people in the region with currently only 0.21 air seats per head of population per annum. By 2018, fastjet expects to operate 24 aircraft and carry 6 million passengers. This represents only a 13% market share of estimated pan African passengers in these markets.

The Company plans to make appropriate commercial and marketing links with third party airlines in particularly inter-continental airlines to increase distribution from outside of Africa.

The Company intends to increase pan-African reach using an Airline Management Service franchise model to develop a pan African fastjet network where appropriate and in particular where we want to de-risk expansion financially or politically. Negotiations are progressing in a number of countries with interested parties.

	2014	2015	2016	2017	2018
Tanzania	3	5	6	6	6
Kenya		3	6	8	8
Zambia	2	2	3	3	3
S Africa		3	5	7	7
Total	5	13	20	24	24

Note: year end estimated fleet size

Our financial results

Key Performance Indicators

fastjet acquired the Lonrho Aviation business in June 2012 and the results for the 18 months to December 2012 therefore only include six months of trading for the aviation business. The amounts included in Central in Note 2 (Segmental reporting) have been excluded from the key performance indicators set out below.

fastjet Tanzania was launched in late November 2012. The results for the prior period include 5 weeks of fastjet Tanzania trading and therefore a year on year comparison is not meaningful however the progress of the core business unit over the past year is more appropriate.

As set out above the Fly540 operations in Ghana and Angola have been suspended whilst these operations are restructured and or exited. The Fly 540 operations do not form part of the core business going forward and this financial review has therefore focussed on the core business being fastjet Tanzania.

fastjet grew group revenue by 154% from $21.1 million in 2012 to $53.4 million of which $26.0 million is attributable to Tanzania in 2013.

The average load factor during the year was 72% .The average revenue per passenger has increased from $46.30 in January 2013 to $95.20 in December 2013 with an average revenue per passenger for the year of $71.10.

Strategic Report

The group loss before tax increased from $55.2 million to $82.3 million. The operating loss before exceptionals of $47.6 million for the year was up from the prior period operating loss before exceptionals of $30.0 million. fastjet Tanzania contributed $21.9 million to these losses in 2013.

Operating cost per seat excluding fuel reduced from US$123 or 19.9 cents per available seat kilometre ('ASK') in January 2013 to US$89.0 or 11.6 cents per ASK in December 2013 with an average operating seat cost of US$87.8 or 13.1 cents per ASK.

The average fuel cost per seat was US$24.4 or 3.6 cents per ASK. fastjet Tanzania currently buys all its fuel based on the current market price. This does expose the business to fuel price volatility and any change in the fuel price will have an impact on the cost of operations. Some if not all of any fuel price increase may be recovered from passengers through a change in the fares that they are currently pay. fastjet does not have any fuel hedging in place as the quantity of fuel that it currently uses is too small for counterparties. As fastjet grows and fuel quantities increase fastjet will hedge when quantities are sizable enough for counterparties.

CASH FLOWS AND FINANCIAL POSITION

Summary consolidated statement of cash flows

	Year ended 31 December 2013 US$'000	18 months ended 31 December 2012 US$'000
Net cash flow from operating activities	**(31,102)**	(19,889)
Net cash flow from investing activities	**(397)**	(686)
Net loan and lease finance repayment	**(4,035)**	(905)
Interest paid	**(2,915)**	(1,713)
Proceeds from the issue of shares	**36,550**	28,607
Net movement in cash and cash equivalents	**(1,899)**	5,414
Foreign currency differences	**139**	51
Opening net cash	**5,470**	5
Closing net cash	**3,710**	5,470

fastjet raised equity of $36.5m during the year compared to $28.6m in the prior period. The equity raised was primarily used to finance the roll out and expansion of the fastjet low cost model in Tanzania.

Subsequent to the year end the Group has raised in aggregate $27.2m which has substantially improved the Group's cash position.

At the end of the year the amount of customer payments in advance ("sales in advance of carriage") was $1.7m compared to $1.3m the previous year of which $1.4m related to Tanzania at 31 December 2013.

Strategic Report

Summary consolidated statement of financial position

	31 December 2013 US$'000	31 December 2012 US$'000
Goodwill	**11,324**	18,754
Other intangible assets	**12,515**	23,308
Property, plant and equipment	**30,246**	37,903
Other investments	**-**	19,248
Net working capital	**(29,026)**	(26,243)
Current finance obligations	**(3,529)**	(5,224)
Deferred taxation	**(80)**	(1,547)
Cash and cash equivalents	**3,710**	5,470
Non-current finance obligations	**(21,291)**	(23,633)
Other non-current assets and liabilities	**829**	(3,381)
	4,698	44,655
Ordinary shareholders equity	**24,527**	60,130
Translation reserve	**2,674**	516
Non-controlling interests	**(22,503)**	(15,991)
	4,698	44,655

Going concern

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate for the following reasons as also set out in note 1.

Whilst the Group has incurred losses during the year, the Directors are confident that the Group has access to sufficient finance to operate 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.

As noted in the Strategic Report, the Company raised $23.7m net of expenses through a Placing and Open offer subsequent to the year end in April and May 2014.

The Directors have prepared detailed forecasts and projections for the company and its Tanzanian subsidiary for the 5 year period to 31 December 2018 with a particular focus on 2014 and 2015. These include revenue, profit, cashflow and balance sheet forecasts and detailed sensitivities. For fastjet Tanzania, these are done on a route by route basis.

The Directors have also considered the key risks and opportunities in preparing these forecasts as being:

- Achieving budgeted revenue growth and central to this are:
    - Achieving appropriate load factors and yield;
    - Obtaining permission to fly from Dar es Salaam on new international routes such as Nairobi, Entebbe and Lilongwe; and
    - The competitive position of fastjet not being adversely affected.
- Keeping the cost base under tight control.

As set out in the Strategic Report the Group has severed all ties with Fly 540 Kenya and the Directors have commenced a process to sell or exit the Fly 540 operations in Angola and Ghana. This process is not yet complete and may involve payments in relation to third parties the extent of which depends upon the outcome of negotiations currently underway.

Strategic Report

In the event that the Directors' expectations

- on the pace of the increase in passenger revenues prove to be slower than expected
- the costs associated with exiting Fly 540 in Angola and Ghana prove higher than expected
- that the pace of developing new routes is slower than expected

they acknowledge that the Group may need to raise additional finance, which if it were not then available would represent a material uncertainty that would cast doubt upon the Group's and the parent company's ability to continue as a going concern.

Nevertheless, the Directors are confident that the Group and the parent company will have access to adequate resources if required 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.

By order of the Board

Edward Winter
Chief Executive Officer and Interim Executive Chairman

26 June 2014

Company registration number: 5701801

Report of the Directors

The Directors present their report together with its audited accounts for the year ended 31 December 2013 and the comparative 18 month period to 31 December 2012 of which the Group's continuing business commenced on 29 June 2012.

Principal activities and investment policy
As at 31 December 2013 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 25 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 year was US$74.4m (2012 – US$52.4m loss 18 months to 31 December 2012).

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 Strategic Report.

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 12 June 2014, 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
Henderson Global Investors	182,271,865	11.1%
Standard Life Investments	112,500,000	6.9%
easyGroup Holdings Ltd	94,287,227	5.7%
easyGroup IP Licencing Ltd	62,500,000	3.8%
Majedie Asset Management	62,500,000	3.8%
George Prokas	59,250,000	3.6%
City Financial	50,000,000	3.0%

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

Name	Position
Edward Winter	Chief Executive Officer and Interim Executive Chairman
Angus Saunders	Chief Financial Officer
Robert Burnham	Non-Executive Director

The following Directors resigned during the year:

Name	Position	Date of resignation
David Lenigas	Executive Chairman	10 June 2013
Geoffrey White	Executive Director	24 July 2013

Report of the Directors

The following Directors were appointed after the year end.

Name	Position	Date of appointment
Clive Carver	Non-Executive Director	1 June 2014
Richard Bodin	Chief Commercial Officer	1 June 2014
Krista Bates	General Counsel	1 June 2014

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 6 to the financial statements.

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

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

Name	**31 December 2013 No. Shares**	**31 December 2012 No. Shares (Adjusted)**
David Lenigas (resigned 10 June 2013)	n/a	20,000
Edward Winter	50,000	50,000
Angus Saunders	Nil	Nil
Geoffrey White (resigned 24 July 2013)	n/a	25,000
Robert Burnham	147,305	147,305

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 31 Dec 2013 (Adjusted)**	**Exercise Price (Adjusted)**	**Number of share options granted during the period**	**Date granted**	**Period during which exercisable**
Robert Burnham	37,500	60p	-	07/06/06	07/06/06-07/06/16
Robert Burnham	300,000	10p	-	13/06/12	13/06/12-13/06/22
Robert Burnham	2,000,000	50p	-	13/06/12	13/06/12-13/06/17
David Lenigas	2,000,000	50p	-	13/06/12	13/06/12-13/06/17
Geoffrey White	2,000,000	50p	-	13/06/12	13/06/12-13/06/17
Edward Winter	2,000,000	50p	-	27/07/12	27/07/12-27/07/17
Edward Winter	500,000	50p	-	27/07/12	27/07/12-27/07/17
Edward Winter	500,000	50p	-	27/07/12	27/07/12-27/07/17
Edward Winter	500,000	50p	-	27/07/12	27/07/12-27/07/17
Edward Winter	500,000	50p	-	27/07/12	27/07/12-27/07/17

Report of the Directors

All share options granted on or after 13 June 2012 are subject to certain performance conditions. The number of options and the exercise price is adjusted following the share consolidation on 22 August 2013 as explained in Note 6.

Corporate Governance
A statement on Corporate Governance is set out on pages 19-21.

Employees
As at the date of this report, the Group has 364 employees.

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

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 Strategic Report.

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 25.

Going concern
The accounts have been prepared on a Going Concern basis as set out in Note 1.

Report of the Directors

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
Our auditor, KPMG Audit Plc has instigated an orderly wind down of business. The Board has decided to put KPMG LLP forward to be appointed as auditor and resolution concerning their appointment will be put to the forthcoming AGM of the company.

By order of the Board

E Winter.

Edward Winter
Chief Executive Officer and Interim Executive Chairman

26 June 2014

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 as appropriate 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 two Non-Executive Directors. 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 Clive Carver (Chairman) and Robert Burnham 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) and Clive Carver 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.

Nomination Committee
The Nomination Committee comprises Robert Burnham (Chairman), Clive Carver and Edward Winter 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 comprising the Chief Executive Officer, Chief Financial Officer, Chief Commercial Officer and General Counsel. 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 the 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 to improve controls 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. An assessment of all key risks faced by the Company is reviewed by the Board on a regular basis and appropriate and mitigating and monitoring actions agreed.

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 25 to these financial statements.

Going concern
Please refer to the significant accounting policies.

Business Risk
The Board regularly evaluates and reviews all business risks when reviewing project timelines. The types of risks reviewed also include but are not limited to:

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

Corporate Governance Report

Future Operations
Please refer to the Strategic Report for more detail on future operations.

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 year ended 31 December 2013 set out on pages 25 to 77. 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 22, 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 Fly 540 Tanzania, a foreign subsidiary acquired during the prior period. Both the prior period and current year's consolidated financial statements have been prepared on the basis of it having net liabilities at acquisition of $21.1m and hence goodwill and acquired intangibles of $14.1m and non-controlling interest (NCI) on acquisition of $1.2m, and a post-acquisition loss of $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 carried unimpaired on the balance sheet at 31 December 2012 and at 31 December 2013, 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.

We qualified our audit opinion on the financial statements for the period ended 31 December 2012 with regard to this same disagreement.

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 paragraph, the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2013 and of the group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the members of fastjet Plc

In our opinion, the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- 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 note 1 to the financial statements concerning the group's and the parent company's ability to continue as a going concern. The group incurred a net loss of $80.9m and operating cash outflow of $31.1m during the year ended 31 December 2013. Its future prospects are dependent upon Tanzania operations securing new international routes and achieving load factors and yield as set out in the forecasts prepared. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which would cast significant doubt on the group's and the parent company's ability to continue as a going concern if further funds were not to be raised under such circumstances. 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

26 June 2014

Consolidated income statement

	Note	**Year ended 31 December 2013 US$'000**	18 months ended 31 December 2012 US$'000
Revenue	2	**53,422**	21,068
Operating costs		**(132,501)**	(74,634)
Group operating loss	4	**(79,079)**	(53,566)
Operating loss before exceptionals		**(47,567)**	(30,035)
Impairment of goodwill	11	**(7,235)**	(2,516)
Impairment of intangibles	12	**(8,081)**	-
Impairment of aircraft	13	**(4,259)**	-
Impairment of investments	14	**(19,248)**	(13,366)
Reversal of impairment (impairment) of receivables due from related parties	15	**7,311**	(7,649)
Operating loss after exceptionals	4	**(79,079)**	(53,566)
Finance income	7	**-**	8
Finance charges	7	**(3,272)**	(1,721)
Loss from continuing activities before tax		**(82,351)**	(55,279)
Tax credit (charge)	8	**1,467**	(627)
Loss from continuing activities after tax		**(80,884)**	(55,906)
Loss from discontinued activities	3	**-**	(46)
Loss for the year/period		**(80,884)**	(55,952)
Attributable to:			
Shareholders of the parent company		**(74,372)**	(52,366)
Non-controlling interests		**(6,512)**	(3,586)
		(80,884)	(55,952)
Loss per share (basic and diluted) (US cents)	10		**restated**
From continuing activities		**(24.56)**	(76.92)
From discontinued activities		**-**	(0.07)
Total		**(24.56)**	(76.99)

Consolidated statement of comprehensive income

	Note	Year ended 31 December 2013 US$'000	18 months ended 31 December 2012 US$'000
Loss for the year/period		**(80,884)**	(55,952)
Foreign exchange translation differences		**2,160**	503
Other investment impairment		**(19,248)**	(13,366)
Other investment reclassified to profit or loss		**19,248**	13,366
Total other comprehensive income for the year/period		**2,160**	503
Total comprehensive expense		**(78,724)**	(55,449)
Attributable to:			
Shareholders of the parent company		**(72,212)**	(51,863)
Non-controlling interests		**(6,512)**	(3,586)
Total comprehensive expense		**(78,724)**	(55,449)

All items in other comprehensive income will be re-classified to the profit or loss.

Consolidated balance sheet

	Note	31 December 2013 US$'000	31 December 2012 US$'000
Non-current assets			
Goodwill	11	11,324	18,754
Other intangible assets	12	12,515	23,308
Property, plant and equipment	13	30,246	37,903
Other investments	14	-	19,248
Other non-current trade and other receivables	15	10,981	7,177
		65,066	106,390
Current assets			
Inventories	16	931	783
Cash and cash equivalents		7,580	7,488
Trade and other receivables	15	5,768	8,439
		14,279	16,710
Total assets		79,345	123,100
Equity			
Called up equity share capital	21	51,097	29,284
Share premium account		97,392	80,986
Retained earnings		(123,962)	(50,140)
Translation reserve		2,674	516
Equity attributable to shareholders of the Parent Company		27,201	60,646
Non-controlling interests		(22,503)	(15,991)
Total equity		4,698	44,655
Liabilities			
Non-current liabilities			
Obligations under finance leases	20	21,291	23,633
Deferred tax	18	80	1,547
Trade and other payables	17	10,152	10,558
		31,523	35,738
Current liabilities			
Bank overdrafts		3,870	2,018
Loans and borrowings	19	-	1,998
Obligations under finance leases	20	3,529	3,226
Trade and other payables	17	35,725	35,397
Other financial liabilities		-	68
		43,124	42,707
Total liabilities		74,647	78,445
Total liabilities and equity		79,345	123,100

These financial statements were approved and authorised for issue by the Directors on 26 June 2014 and are signed on their behalf by:

Edward Winter
Chief Executive Officer and Interim Executive Chairman

Consolidated cash flow statement

	Year ended 31 December 2013	18 months ended 31 December 2012
	US$'000	US$'000
Operating activities		
Result for the year/period	**(80,884)**	(55,952)
Loss on disposal of subsidiary	**-**	90
Tax credit	**(1,467)**	-
(Profit)/Loss on disposal of fixed assets	**(2)**	942
Impairment of intangible assets	**8,081**	-
Impairment of aircraft	**4,259**	-
Impairment of goodwill	**7,235**	2,516
Impairment of investments	**19,248**	13,366
Depreciation and amortisation	**6,386**	3,105
Finance charges	**3,272**	1,713
Increase in inventories	**(147)**	(469)
Increase in receivables	**(1,560)**	(9,479)
Increase in trade and other payables	**3,929**	23,980
Share option charges	**548**	299
Net cash flow from operating activities	**(31,102)**	(19,889)
Investing activities		
Net cash acquired in business combination	**-**	1,949
Sale of subsidiary net of costs	**-**	164
Sale of property, plant and equipment	**48**	-
Purchase of other investments	**-**	(2,248)
Purchase of intangibles	**(120)**	(16)
Purchase of property, plant and equipment	**(325)**	(535)
Net cash flow from investing activities	**(397)**	(686)
Financing activities		
Proceeds from the issue of shares	**36,550**	28,607
Loans advanced	**-**	225
Loan repayments	**(1,995)**	-
Interest paid	**(2,915)**	(1,713)
Finance lease payments	**(2,040)**	(1,130)
Net cash flow from financing activities	**29,600**	25,989
Net movement in cash and cash equivalents	**(1,899)**	5,414
Foreign currency difference	**139**	51
Opening net cash	**5,470**	5
Closing net cash	**3,710**	5,470
Classified on the balance sheet as:		
Cash and cash equivalents	**7,580**	7,488
Bank overdrafts	**(3,870)**	(2,018)
Closing net cash	**3,710**	5,470

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 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**
Shares issued	21,813	16,406	-	-	-	-	38,219
Share based payments	-	-	-	-	548	-	548
Transactions with owners	21,813	16,406	-	-	548	-	38,767
Foreign exchange difference	-	-	-	2,158	2	-	2,160
Loss for the year	-	-	-	-	(74,372)	(6,512)	(80,884)
Balance at 31 December 2013	**51,097**	**97,392**	**-**	**2,674**	**(123,962)**	**(22,503)**	**4,698**

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

Notes to the Group financial statements

1. Significant accounting policies

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

The consolidated financial statements have been prepared for the year ended 31 December 2013. The comparative period is the 18 months to 31 December 2012. The consolidated financial statements include the results of the Lonrho Aviation business acquired on 29 June 2012 and, as such, the comparative 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 significant accounting policies are set out below and have been applied consistently, in all material respects, throughout all periods presented in these financial statements.

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 delay, 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. Whilst, the revenues of the Group have increased significantly since the previous period, the Directors consider that the outlook presents significant challenges in that the Group has to continue to achieve increased sales revenue, and control input costs. Securing additional international route rights out of Tanzania are also critical for the success of the Group. Some uncertainty exists as to these matters.

Whilst the Group has incurred losses during the year, the Directors are confident that the Group has access to sufficient finance to operate 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.

As noted in the Strategic Report, the Company raised $23.7m net of expenses through a Placing and Open offer subsequent to the year end in April and May 2014.

The Directors have prepared detailed forecasts and projections for the company and its Tanzanian subsidiary for the 5 year period to 31 December 2018 with a particular focus on 2014 and 2015. These include revenue, profit, cashflow and balance sheet forecasts and detailed sensitivities. For fastjet Tanzania, these are done on a route by route basis.

The Directors have also considered the key risks and opportunities in preparing these forecasts as being:

- Achieving budgeted revenue growth and central to this is:
    - Achieving appropriate load factors and yield;
    - Obtaining permission to fly from Dar es Salaam on new international routes such as Nairobi, Entebbe and Lilongwe; and
    - The competitive position of fastjet not being adversely affected.

Notes to the Group financial statements

- Keeping the cost base under tight control

As set out in the Strategic Report the Group has severed all ties with Fly 540 Kenya and the Directors have commenced a process to sell or exit the Fly 540 operations in Angola and Ghana. This process is not yet complete and may involve payments in relation to third parties the extent of which depends upon the outcome of negotiations currently underway.

In the event that the Directors' expectations

- on the pace of the increase in passenger revenues prove to be slower than expected
- the costs associated with exiting Fly 540 in Angola and Ghana prove higher than expected
- that the pace of developing new routes is slower than expected

they acknowledge that the Group may need to raise additional finance, which might not then be available.

All of these factors together represent material uncertainties that may cast significant doubt upon the Group's and the parent company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Nevertheless, the Directors have a reasonable expectation that the Group and the parent company 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

In June 2012 the group acquired Lonrho Aviation (B.V.I.) Limited. 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.

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.

Notes to the Group financial statements

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

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

- Amendment to IAS1 *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income*
- Amendment to IFRS1 *First-time Adoption of International Financial Reporting Standards: Government Loans*
- Amendment to IFRS7 *Financial Instruments: Disclosures: Offsetting Financial Assets and Financial Liabilities*
- IFRS13 *Fair Value Measurement*
- IAS19 *Employee Benefits (2011)*
- IFRIC20 *Stripping Costs in the Production Phase of a Surface Mine*
- Various standards resulting from *Annual Improvements to IFRS 2009-2011Cycle.*

Recent accounting developments

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

- IFRS 10 Consolidated Financial Statements and IAS 27 (2011) Separate Financial Statements (mandatory for year commencing on or after 1 January 2014)
- IFRS 11 Joint Arrangements and Amendments to IAS 28 (2008) Investments in Associates and Joint Ventures (mandatory for year commencing on or after 1 January 2014)
- IFRS 12 Disclosure of Interests in Other Entities (mandatory for year commencing on or after 1 January 2014)
- Amendments to IAS 32 'Offsetting Financial Assets and Financial Liabilities' (mandatory for year commencing on or after 1 January 2014)
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (mandatory for year commencing on or after 1 January 2014)
- Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12) (mandatory for year commencing on or after 1 January 2014)
- IFRS 9 Financial Instruments (effective date to be confirmed)
- Amendments to IAS 39 'Novation of Derivatives and Continuation of Hedge Accounting' (mandatory for year commencing on or after 1 January 2014)
- IFRIC Interpretation 21 Levies (mandatory for year commencing on or after 1 January 2014)
- IAS27 *Separate Financial Statements (2011)*
- IAS28 *Investments in Associates and Joint Ventures (2011)*

Notes to the Group financial statements

Basis of consolidation

The Group financial statements consolidate those of the Company and its subsidiary companies drawn up to 31 December 2013. 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.

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

On 5 August 2011, the Company sold its entire shareholding in Rubicon Software Limited. The operations of the disposed subsidiary were classified as discontinued.

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.

Notes to the Group financial statements

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

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
Computer Software	- 4 years

Impairment of assets

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

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

An impairment loss is recognised for the amount by which the 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 instalments under such leases, net of finance charges, are included as obligations under finance leases. Rental payments are apportioned between the finance element, which is charged to the income statement, and the capital element, which reduces the outstanding obligation for future instalments. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Notes to the Group financial statements

Provisions

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

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

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

Leased aircraft maintenance provisions

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

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

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

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).

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

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

Notes to the Group financial statements

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. The Company has also issued warrants in connection with share placings in the year.

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.

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.

Notes to the Group financial statements

Financial instruments

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

Equity
Equity comprises the following:
- "Share capital" represents the nominal value of equity shares that have been issued.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Retained earnings" 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.

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 14)
- maintenance provisions (above)
- share based payments (note 24)
- impairment of goodwill (note 11)
- impairment of other intangibles (note 12)
- impairment of aircraft (note 13)

Notes to the Group financial statements

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 22)
- the determination whether certain transactions represent business combinations (note 22)

Notes to the Group financial statements

2. Segmental reporting

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

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.

The Group's continuing business commenced on 29 June 2012, on the acquisition of Lonrho Aviation (B.V.I.) Limited (see note 22) and hence the figures for the 18 months to 31 December 2012 only include six months of operations of the Group's airline business.

Year ended 31 December 2013	**Tanzania US$'000**	**Angola US$'000**	**Ghana US$'000**	**Central US$'000**	**Total US$'000**
Revenue					
External	26,055	18,771	8,534	62	53,422
Inter-segment	-	-	-	-	-
Total Revenue	26,055	18,771	8,534	62	53,422
EBITDA	(21,368)	(6,772)	(2,140)	(10,901)	(41,181)
Interest payable	-	(1,348)	(1,478)	(446)	(3,272)
Depreciation and amortisation	(553)	(2,436)	(2,190)	(1,207)	(6,386)
Impairments	-	(12,200)	(5,898)	(13,414)	(31,512)
Tax	-	-	-	1,467	1,467
Net loss	(21,921)	(22,756)	(11,706)	(24,501)	(80,884)
Net assets / (liabilities)	(41,768)	(47,445)	(18,884)	112,795	4,698
Capital Expenditure	270	46	14	115	445

Notes to the Group financial statements

Period ended 31 December 2012	Tanzania US$'000	Angola US$'000	Ghana US$'000	Central US$'000	Total US$'000
Revenue					
External	3,567	13,080	4,190	231	21,068
Inter-segment	-	-	-	-	-
Total Revenue	3,567	13,080	4,190	231	21,068
EBITDA	(10,846)	(4,298)	(5,290)	(6,620)	(27,054)
Interest receivable	-	-	-	8	8
Interest payable	(219)	-	(203)	(1,299)	(1,721)
Depreciation and amortisation	(203)	(489)	(341)	(1,994)	(3,027)
Impairments	-	-	(2,516)	(21,015)	(23,531)
Tax	(627)	-	-	-	(627)
Net loss	(11,895)	(4,787)	(8,350)	(30,920)	(55,952)
Net assets / (liabilities)	(20,374)	(26,617)	(11,117)	102,763	44,655
Capital Expenditure	314	7	30	184	535

3. Discontinued operations

The Company sold its 100% shareholding in Rubicon Software Limited (RSL) on 5 August 2011. The activities of RSL were classed as discontinued operations in the comparative financial statements.

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:

	Year ended 31 December 2013 US$'000	18 months ended 31 December 2012 US$'000
Revenue	-	115
Operating charges	-	(71)
Result from operating activity net of tax	-	44
Loss on disposal of discontinued operations	-	(90)
Loss from discontinued activities	-	(46)

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

	Year ended 31 December 2013 US$'000	18 months ended 31 December 2012 US$'000
Investing cash flows	-	164

Notes to the Group financial statements

4. Operating loss

Operating loss is stated after charging:	**Year ended 31 December 2013 US$'000**	18 months ended 31 December 2012 US$'000
Operating lease costs		
- Property	**1,441**	679
- Aircraft	**7,127**	2,841
Depreciation of property, plant and equipment		
- Owned	**542**	315
- Held under finance leases	**2,997**	1,372
Amortisation of intangible assets		
- Other intangibles	**2,847**	1,418
Impairment of goodwill	**7,235**	2,516
Impairment of intangibles	**8,081**	-
Impairment of aircraft	**4,259**	-
Impairment of investments	**19,248**	13,366
(Reversal of impairment) / impairment of receivables from related parties	**(7,311)**	7,649
(Profit)/Loss on disposal of fixed assets	**(2)**	942
Foreign exchange losses	**2,048**	169
Fees payable to the Company's auditor (and its network affiliates) for		
- The audit of the Group's annual accounts	**130**	128
- The audit of subsidiary companies' accounts	**149**	82
- Other services	**47**	8
Share based payments	**548**	299

Notes to the Group financial statements

5. Employees

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

	Year ended 31 December 2013 Number	18 months ended 31 December 2012 Number
Flight crew	**130**	116
Aircraft maintenance	**31**	30
Administration and management	**53**	49
Ground and flight operations	**104**	117
Sales and marketing	**115**	59
	433	371

The aggregate payroll costs of the above were:

	Year ended 31 December 2013 US$'000	18 months ended 31 December 2012 US$'000
Wages and salaries	**14,586**	6,902
Social security costs	**1,392**	487
Compensation for loss of office	**-**	669
Pension costs	**-**	259
Share based payments (note 24)	**548**	299
	16,526	8,616

Notes to the Group financial statements

6. Remuneration of Directors and other key management personnel

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

For the year ended 31 December 2013:

	Salary US$'000	Bonus US$'000	Fees US$'000	Benefits US$'000	Compen-sation for loss of office	Total US$'000
Robert Burnham	-	-	77	-	-	77
David Lenigas	-	-	-	-	-	-
Angus Saunders	412	-	-	-	-	412
Geoffrey White	43	-	-	-	-	43
Ed Winter	594	189	-	11	-	794
Total	**1,049**	**189**	**77**	**11**	-	**1,326**

For the 18 month period ended 31 December 2012:

	Salary US$'000	Bonus US$'000	Fees US$'000	Benefits US$'000	Compen-sation for loss of office	Total US$'000
Robert Burnham	60	-	41	-	-	101
David Lenigas	85	-	-	-	-	85
Angus Saunders	-	-	-	-	-	-
Geoffrey White	85	-	-	-	-	85
Ed Winter	302	-	-	-	-	302
Richard Blakesley	93	-	-	-	669	762
Total	**625**	**-**	**41**	**-**	**669**	**1,335**

No pension payments are made for Directors.

Bonus amount in the year ended 31 December 2013 is in respect of the eighteen months ended 31 December 2012.

Notes to the Group financial statements

Details of share options granted to the directors are as follows:

	At 31 December 2012 (Adjusted)	Granted in the period	Exercised	Lapsed	At 31 December 2013
Robert Burnham	2,337,500	-	-	-	2,337,500
David Lenigas	2,000,000	-	-	-	2,000,000
Angus Saunders	-	-	-	-	-
Geoffrey White	2,000,000	-	-	-	2,000,000
Ed Winter	4,000,000	-	-	-	4,000,000
Richard Blakesley	2,300,000	-	-	-	2,300,000
Total	**12,637,500**	**-**	**-**	**-**	**12,637,500**

Total remuneration of senior personnel, excluding directors, amounted to US$979,000 (2012: US$457,000).

Options have been adjusted following the consolidation of shares on 22 August 2013.

7. Finance income and expense

	Year ended 31 December 2013 US$'000	18 months ended 31 December 2012 US$'000
Finance income		
Bank interest receivable	**-**	8
	-	8
Finance expenses		
Bank overdraft interest	**211**	238
Bank loan interest	**366**	204
Finance lease interest	**1,859**	1,128
Other	**836**	151
	3,272	1,721

Notes to the Group financial statements

8. Tax

	Year ended 31 December 2013 US$'000	18 months ended 31 December 2012 US$'000
Current tax expense:		
Current tax for the period	**-**	-
Adjustment to current tax in respect of previous periods	**-**	-
	-	-
Deferred tax (credit) / expense:		
Origination and reversal of temporary differences	**(1,455)**	627
Reduction in tax rate	**(12)**	-
	(1,467)	627

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2013 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

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

	Year ended 31 December 2013 US$'000	18 months ended 31 December 2012 US$'000
Loss before tax from continuing operations	**(82,351)**	(55,279)
Result on sale of discontinued operations	**-**	(46)
	(82,351)	(55,325)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 23.25% (2012: 25%)	**(19,147)**	(13,831)
Current year losses for which no deferred tax has been recognised	**8,792**	9,860
Tax losses not available for carry forward	**2,926**	-
Expenses not deductible for tax purposes	**7,378**	4,598
Overseas tax rates	**(1,416)**	-
Total current tax (credit) / charge	**(1,467)**	627

Notes to the Group financial statements

At 31 December 2013 the Group had accumulated tax losses of approximately US$67m (2012: US$34m) 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.

9. Discontinued Activities

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

10. Loss per share

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

On 22 August 2013, a share consolidation was approved. On that date 3,052,472,570 ordinary shares of 1p were exchanged for 305,247,257 new ordinary shares of 1p and 305,247,257 deferred shares of 9p. The deferred shares of 9p carry no significant rights. The weighted average number of shares for comparative purposes have been adjusted to 68,016,521 previously 680,165,214.

The weighted average number of shares in issue during the period was 302,765,966 (2012: 68,016,521 adjusted). The loss for the purposes of basic earnings per share being the net loss attributable to the equity holders of the parent was US$74,372,000 (2012: US$52,366,000).

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.

Notes to the Group financial statements

11. 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 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
Recognised on business combination	-	-	-	(195)	(195)
At 31 December 2013	5,758	2,516	11,324	1,477	21,075
Impairment					
At 1 July 2011	-	-	-	-	-
Impairment for the period	-	2,516	-	-	2,516
At 31 December 2012	-	2,516	-	-	2,516
Impairment for the year	5,758	-	-	1,477	7,235
At 31 December 2013	5,758	2,516	-	1,477	9,751
Net carrying amount					
At 31 December 2013	-	-	11,324	-	11,324
At 31 December 2012	5,758	-	11,324	1,672	18,754
At 1 July 2011	-	-	-	-	-

The goodwill recognised on business combination arising from the acquisition of Lonrho Aviation (B.V.I.) Limited on 29 June 2012, is the difference between the fair value of the consideration paid and the fair value of the net assets acquired. See note 22 for more details of this business combination.

Notes to the Group financial statements

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.

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

Angola and Ghana
As explained in the Strategic Review the Fly 540 operations are being restructured. Consequently the goodwill and other intangible assets (Note 12) have been completely impaired at 31 December 2013.

Tanzania
The recoverable amount of the Tanzania Goodwill was based on fair value calculated using discounted cash flows. The fair value was categorised as level 3. The cash flow projections include specific estimates for 4 years and terminal growth rate of 0% thereafter. As explained in the Strategic Review fastjet launched operations in Tanzania on 29 November 2012 and new routes are expected to be secured for the CGU to be fully operational. As the CGU is in a start up phase the cash flow projections include the outflows required to launch the new international routes.

The key assumptions included the timing of new routes operating, estimating forecast yields and load factors and significant costs such as those for fuel. These have been estimated based on industry experience. Frequency increases are assumed as the routes develop.

Sensitivity analysis has been performed by developing different scenarios. There are uncertainties built into the scenarios relating to the timing of international route rights being granted and the load factors and revenue yield achieved.

A weighting was allocated to each scenario to calculate an expected outcome for the year. The assigned weightings differed between the four years. The goodwill attached to the CGU was assessed against these budgeted scenarios. A weighted average discount rate of 16.6% (2012: 20%) was applied to calculate the discounted cash flows.

The discount rate was a pre-tax measure based on the risk free rate obtained from the yield on 30 year UK government bonds, adjusted for risk premium to reflect the increased risk in investing in equities of small size and specific country risk. The cost of debt was based on the average group cost of debt of 7.2%. The weighted average cost of capital was based on debt leveraging of 41%.

The estimated recoverable amount of the Cash Generating Unit (CGU) exceeded its carrying amount by approximately $40m. Management have identified that a reasonable possible change in yield and discount rate could cause the carrying value to exceed the recoverable amount. EBITDA would have to change by 42% and the discount rate increase to 36% for the estimated recoverable amount to be equal to the carrying value.

Notes to the Group financial statements

12. Other intangible assets

	AOCs US$'000	Brands US$'000	Customer contracts US$'000	Intellectual Property US$'000	Total US$'000
Cost					
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
Additions	-	-	-	120	120
Reclassification from tangible assets	-	-	-	12	12
Foreign exchange differences	-	-	-	3	3
At 31 December 2013	11,797	12,720	48	307	24,872

	AOCs US$'000	Brands US$'000	Customer contracts US$'000	Intellectual Property US$'000	Total US$'000
Amortisation and Impairment					
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
Charge for the year	1,181	1,636	9	21	2,847
Impairment for the year	7,917	164	-	-	8,081
At 31 December 2013	9,688	2,627	14	28	12,357
Net carrying amount					
At 31 December 2013	2,109	10,093	34	279	12,515
At 31 December 2012	11,207	11,893	43	165	23,308
At 1 July 2011	-	-	-	-	-

*Additions for Brands of US$11,764,000 relates to the minimum annual royalty payment and includes share options as explained in note 24. The carrying value of Air Operators Certificates ("AOC") and the Fly 540 brand intangibles have been reviewed along with goodwill (see note 11) and impaired accordingly.

Notes to the Group financial statements

13. Property, plant and equipment

	Aircraft	Property	Plant and machinery	Fixtures and Equipment	Motor Vehicles	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost						
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
Recognised on business combination	-	-	-	(70)	(1)	(71)
Additions	112	-	-	148	65	325
Disposals	-	-	-	(15)	(137)	(152)
Reclassification to intangible assets	-	-	-	(12)	-	(12)
Foreign currency difference	-	-	(3)	(43)	(9)	(55)
At 31 December 2013	37,224	2	748	1,441	124	39,539
Depreciation and Impairment						
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
Charge for the year	3,060	-	125	283	71	3,539
Impairment for the year	4,259	-	-	-	-	4,259
Disposals	-	-	-	(3)	(103)	(106)
At 31 December 2013	8,692	-	186	403	12	9,293
Net carrying amount						
At 31 December 2013	28,532	2	562	1,038	112	30,246
At 31 December 2012	35,739	2	690	1,310	162	37,903
At 1 July 2011	-	-	-	-	-	-

During the year the Group acquired leased assets of US$Nil as part of the business combination (2012: US$35m).

Notes to the Group financial statements

The net book value of property, plant and equipment held on finance leases was US$29,864,000 (2012: US$35,720,000).

Subsequent to the year end aircraft held under finance leases were offered for sale and impaired accordingly. The impairment has been calculated as follows:

Aircraft impairment loss	**US$'000**
Book value	32,724
Maintenance reserves	(4,865)
Adjusted book value	27,859
Anticipated proceeds net of selling costs	(23,600)
Impairment	4,259

14. Other investments

Cost	**US$'000**
At 1 July 2011	-
Recognised on business combination	27,864
Additions	4,750
At 31 December 2012 and 31 December 2013	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
Impairment for the year	19,248
At 31 December 2013	32,614
Net carrying amount	
At 31 December 2013	-
At 31 December 2012	19,248
At 1 July 2011	-

Notes to the Group financial statements

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 Aviation (B.V.I.) Limited on 29 June 2012 included 49% of Five Forty Aviation Limited.

The acquisition of a further 49.98% economic interest in Five Forty Aviation Limited 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 that 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 negotiated 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 impaired the investment by US$13,366,000 to US$19,248,000 in 2012.

In 2013 the investment was further impaired by $19,248,000 to $Nil.

As explained in the Strategic Report, a settlement has been reached which disposes of the investment.

15. Trade and other receivables

	31 December 2013 US$'000	31 December 2012 US$'000
Trade and other receivables due after more than one year:		
Receivables due from related parties	**7,893**	576
Other receivables	**3,088**	6,601
	10,981	7,177
Trade and other receivable due within one year:		
Trade receivables	**1,410**	1,151
Prepayments and accrued income	**2,069**	5,121
Other receivables	**2,289**	2,167
	5,768	8,439

Notes to the Group financial statements

Movement in allowance for doubtful debts

	Receivables from related parties US$'000	Trade Receivables US$'000
At 31 December 2012	**7,649**	**27**
Recognised in the income statement	**(7,311)**	**73**
At 31 December 2013	**338**	**100**

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 14 and the related party receivable similarly impaired in the prior year. The impairment has been revised in 2013 following the settlement agreement as detailed in the Strategic Report.

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

	31 December 2013 US$'000		31 December 2012 US$'000	
	Gross	**Impairment**	Gross	Impairment
Not past due	**164**	**-**	-	-
Past due (0-60 days)	**1,111**	**(72)**	1,093	-
More than 60 days	**235**	**(28)**	85	(27)
	1,510	**(100)**	1,178	(27)

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

	31 December 2013 US$'000	31 December 2012 US$'000
Tanzania	**238**	223
Angola	**497**	586
Ghana	**211**	342
South Africa	**407**	-
UK	**57**	-
	1,410	1,151

All amounts are short term.

The average period taken on trade receivables is 10 days (2012:10 days). No interest is charged on receivables.

Notes to the Group financial statements

16. Inventories

	31 December 2013 US$'000	31 December 2012 US$'000
Aircraft spares and consumables	**931**	783

17. Trade and other payables

	31 December 2013 US$'000	31 December 2012 US$'000
Trade and other payables – non-current		
Payables due to related parties	**7,893**	7,893
Other payables	**2,259**	2,665
	10,152	10,558
Trade and other payables – current		
Trade payables	**13,396**	15,311
Other taxation and social security	**8,464**	1,339
Other payables	**1,586**	10,120
Deferred income	**1,730**	1,326
Accruals	**5,684**	4,845
Maintenance reserves	**4,865**	2,456
	35,725	35,397

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

Notes to the Group financial statements

18. Deferred tax

	Liabilities US$'000
At 1 July 2011	-
Recognised on business combination	920
Recognised in the profit or loss	627
At 31 December 2012	1,547
Recognised in the profit or loss	(1,467)
At 31 December 2013	**80**

The Deferred tax liability at 31 December 2013 and 31 December 2012 is related to the fair value of assets recognised on business combinations.

19. Loans and borrowings – current

	31 December 2013 US$'000	31 December 2012 US$'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 (B.V.I.) Limited. Interest is payable at 6 month LIBOR plus 9.5%. During the period the loan matured and was aggregated with the bank overdraft facility.

The Group has undrawn borrowing facilities of $Nil (2012: $Nil).

20. Finance lease obligations

	31 December 2013		
	Future minimum lease payments US$'000	**Interest US$'000**	**Present value of future lease payments US$'000**
Less than one year	5,218	1,689	3,529
Two to five years	25,591	4,300	21,291
More than five years	-	-	-
Total	**30,809**	**5,989**	**24,820**

Notes to the Group financial statements

	31 December 2012		
	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.

21. Share capital

	Number of ordinary shares £0.01 each '000	Number of deferred shares £0.01 each '000	Number of deferred shares £0.09 each '000	Share Capital GBP'000	Share capital US$'000
At 1 July 2011	43,707	-	-	437	700
Issued for cash	526,435	-	-	5,264	8,176
Share reallocation	(9,313)	9,313	-	-	-
Issued to former Director	5,000	-	-	50	81
Issued in business combination	1,189,037	-	-	11,890	18,807
Exercise of share options	750	-	-	8	12
Brand licence acquisition	93,328	-	-	933	1,508
At 31 December 2012	1,848,944	9,313	-	18,582	29,284
Issued for cash	1,012,194	-	-	10,122	15,610
Issued in settlement of easyGroup liability	110,334	-	-	1,103	1,669
Exercise of share warrants	81,000	-	-	810	1,228
	3,052,472	9,313	-	30,617	47,791
Consolidation and subdivision	(2,747,225)	-	305,247	-	-
After consolidation and subdivision	305,247	9,313	305,247	30,617	47,791
Issued for cash	206,803	-	-	2,068	3,306
At 31 December 2013	512,050	9,313	305,247	32,685	51,097

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

Notes to the Group financial statements

The deferred shares have no significant rights attached.

All issued shares are fully paid.

On 13 November 2012, the Company had entered into an equity financing facility ("EFF") with Darwin Strategic Limited ("Darwin"). The facility was replaced on 14 June 2013 and extended on 12 March 2014 from £15m to £25m. The facility was terminated on 10 April 2014.

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 at 3.9p per ordinary share with an exercise period of forty eight months.

On 14 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 shares were also issued at 5p per ordinary share with an exercise period of twelve months.

On 19 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. Warrants over 80,000,000 new ordinary shares were issued at 1.25p in connection with the placing on 29 April 2013 with an exercise period of one month.

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.

On 30 May 2013, 80,000,000 new ordinary shares were issued, fully paid, further to an exercise of 80,000,000 warrants at an exercise price of 1.25p per share.

Notes to the Group financial statements

On 13 June 2013, 70,000,000 new ordinary shares were issued, fully paid, at 1.1p per share in respect of a conversion of a principal amount of £770,000 under the Bergen agreement.

On 19 June 2013, 98,000,000 new ordinary shares were issued, fully paid, via a draw down on its EFF with Darwin at an issue price of 1.15p per share under the EFF agreement.
On 21 June 2013, 79,675,000 new ordinary shares were issued, fully paid, at 1p per share in respect of a conversion of a principal amount of £796,750 under the Bergen agreement.

On 27 June 2013, 108,900,000 new ordinary shares were issued, fully paid, via a draw down on its EFF with Darwin at an issue price of 1.1p per share under the EFF agreement.

On 11 July 2013, 79,000,000 new ordinary shares were issued, fully paid, via a draw down on its EFF with Darwin at an issue price of 1p per share under the EFF agreement.

On 30 July 2013, 110,334,156 new ordinary shares were issued, fully paid, at 1p per share in settlement of an outstanding liability with easyGroup Holdings Ltd for minimum royalty fees.

On 5 August 2013, 66,000,000 new ordinary shares were issued, fully paid, via a draw down on its EFF with Darwin at an issue price of 1p per share under the EFF agreement.

On 20 August 2013, a share consolidation and subdivision took place whereby 3,052,472,570 existing ordinary shares of 1p were consolidated on the basis of one interim ordinary share of 10p each for every 10 existing ordinary shares and immediately following the consolidation each interim ordinary share was subdivided and converted into one new ordinary share of 1p and one B deferred share of 9p each. The B deferred shares of 9p carry no significant rights.

On 22 August 2013, 16,120,000 new ordinary shares were issued, fully paid, via a draw down on its EFF with Darwin at an issue price of 10p per share under the EFF agreement.

On 9 September 2013, 62,500,000 new ordinary shares were issued, fully paid, via a draw down on its EFF with Darwin at an issue price of 4.8p per share under the EFF agreement.

On 10 October 2013, 20,833,333 new ordinary shares were issued, fully paid, via a draw down on its EFF with Darwin at an issue price of 6.0p per share under the EFF agreement.

On 31 October 2013, 59,750,000 new ordinary shares were issued, fully paid, via a draw down on its EFF with Darwin at an issue price of 4.0p per share under the EFF agreement.

On 6 December 2013, 47,600,000 new ordinary shares were issued, fully paid, via a draw down on its EFF with Darwin at an issue price of 2.8p per share under the EFF agreement.

22. Business combination

On 29 June 2012 the Company acquired Lonrho Aviation (B.V.I.) Limited for total consideration of US$ 76.4m.

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 14. 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.

Notes to the Group financial statements

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

	Book value US$'000	Fair value adjustments US$'000	Revised fair value US$'000	Original fair value US$'000
Intangible assets				
Brand	-	956	956	956
Air operators' certificates	5,461	6,336	11,797	11,797
Other intangible assets	141	48	189	189
Property, plant and equipment				
Aircraft	41,925	(3,829)	38,096	38,096
Other property, plant and equipment	1,924	(75)	1,849	1,920
Investments	1,500	31,115	32,615	32,615
Non current assets				
Trade and other receivables	-	2,005	2,005	2,529
Current assets				
Inventories	595	(281)	314	314
Cash and cash equivalents	4,366	(303)	4,063	4,112
Trade and other receivables	11,971	(8,371)	3,600	3,600
Current liabilities				
Bank overdraft	(2,116)	(31)	(2,147)	(2,163)
Loans and borrowing	(3)	(1,767)	(1,770)	(1,773)
Finance Leases	(3,490)	-	(3,490)	(3,490)
Trade and other payables	(14,649)	(2,151)	(16,800)	(17,620)
Non-current liabilities				
Loans and borrowing	(1,770)	1,770	-	-
Finance Leases	(24,577)	78	(24,499)	(24,499)
Trade and other payables	(2,310)	(591)	(2,901)	(2,901)
Deferred tax	-	(920)	(920)	(920)
Net assets	18,968	23,989	42,957	42,762
Goodwill recognised			21,075	21,270
Non-controlling interest recognised			12,405	12,405
Consideration			76,437	76,437

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.

The fair value adjustments have been finalised during the year resulting in $195,000 reduction in goodwill. The comparative accounts have not been restated on the grounds of materiality.

Notes to the Group financial statements

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.

23. 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
Fastjet Aviation Limited (formerly Lonrho Aviation (B.V.I.) Limited)	British Virgin Islands	Aviation Holding	100%
Fastjet Air Limited (formerly Lonrho Air (B.V.I.) Limited)	British Virgin Islands	Airline Services	100%
Fastjet Air Africa Limited (formerly Lonrho Air Africa (B.V.I.) 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%
Fastjet Airlines Limited (formerly Fly 540 (T) Limited)	Tanzania	Airline Services	90%
Fastjet Air Two Limited (formerly Lonrho Air (2) (B.V.I.) Limited)	British Virgin Islands	Airline Services	100%
Fastjet Air Three Limited (formerly Lonrho Air (Three) (B.V.I.) Limited)	British Virgin Islands	Airline Services	100%
Fastjet Air Four Limited (formerly Lonrho Air (4) Limited)	Mauritius	Leasing	100%
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.

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

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

24. 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 in 2012. Warrants have been issued to WH Ireland as part consideration of their fees in respect of share placings.

Notes to the Group financial statements

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 (adjusted)	Vesting conditions	Contractual life of options
Options granted to directors			
On 13 June 2012	600,000	Completing reverse take over	13.06.12 to 13.06.22
On 13 June 2012	8,000,000	20 million passengers in proceeding 12 months	13.06.12 to 13.06.17
On 27 July 2012	2,000,000	20 million passengers in proceeding 12 months	27.07.12 to 27.07.17
On 27 July 2012	500,000	6 million passengers in proceeding 12 months	27.07.12 to 27.07.17
On 27 July 2012	500,000	12 countries under fastjet brand	27.07.12 to 27.07.17
On 27 July 2012	500,000	$10m EBITDA in proceeding 12 months	27.07.12 to 27.07.17
On 27 July 2012	500,000	Volume weighted average ordinary share price is greater than 60p for 60 day period	27.07.12 to 27.07.17
Options granted for the Brand License on 2 August 2012	20,739,545	None	02.08.12 to 02.08.16

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

The number of options has been adjusted following the share consolidation on 22 August 2013.

	Date of grant		
	13 June 2012	**27 July 2012**	**2 August 2012**
Share price (Adjusted)	30.5p	39.8p	39.8p
Exercise price (Adjusted)	50p	50p	50.2p
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%

Notes to the Group financial statements

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

	Year ended 31 December 2013 US$'000	18 months to 31 December 2012 US$'000
Equity settled share-based transactions		
Share options granted in the 18 months to 31 December 2012	548	299
Total expense recognised for equity-settled share based payments	548	299

As well as amounts recognised in the income statement the Group has capitalised US$Nil (2012: US$1,543,000) of share based payments as intangible assets, forming part of the brand additions in note 12. The fair value of this is detailed above. In addition, US$Nil (2012: US$613,000) of share based payments as share issue costs are deducted from share premium.

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

	Year ended 31 December 2013			
	Number of warrants	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of the year	2,204,932	44.2p	33,377,045	50.5p
Granted during the year	22,577,778	33.4p	-	-
Exercised during the year	(8,100,000)	12.5p	-	-
Lapsed during the year	-	-	-	-
Outstanding at end of the year	16,682,710	45.0p	33,377,045	50.5p

	18 months ended 31 December 2012			
	Number of warrants	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of the period	200,000	10p	165,000	23p
Granted during the period	2,004,932	47.6p	33,339,545	50.5p
Exercised during the period	-	-	(75,000)	10p
Lapsed during the period	-	-	(52,500)	10p
Outstanding at end of the period	2,204,932	44.2	33,377,045	50.5p

Notes to the Group financial statements

Options and average prices have been adjusted following the share consolidation on 22 August 2013.

The share options outstanding at 31 December 2013 have an exercise price in the range of 10 - 60p (2012: 10p to 60p) and a weighted averaged contractual life of 2.7 years.

25. 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.

Market risk management

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

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

Foreign currency exchange risk management

The Group operates in several African currencies and so is exposed to some exchange rate risk. There is a 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.

Fuel price risk management

Aviation fuel is purchased on the open market from recognised global suppliers. However aviation fuel prices are highly volatile. At this time the Group has not entered into forward fuel price contracts but will do so when appropriate.

Interest rate risk management

All group debt is at fixed rates of interest. Operating lease rentals are at fixed rates of interest.

Credit risk management

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

Notes to the Group financial statements

Capital management

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

The Group's objectives when managing capital are:

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

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

During the year and subsequently the Group has entered into equity financing facilities and share placements.

26. Financial instruments – analysis

Carrying value and fair value of financial assets and liabilities

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

At 31 December 2013

	Amortised cost loans and receivables US$'000	**Amortised cost financial liabilities US$'000**	**Held at value at fair value US$'000**	**Other (see note) US$'000**	**Carrying value US$'000**	**Fair value US$'000**
Other investments	-	-	-	-	-	-
Trade and other receivables	16,749	-	-	-	16,749	16,749
Cash and cash equivalents	7,580	-	-	-	7,580	7,580
Obligations under finance leases	-	(24,820)	-	-	(24,820)	(24,820)
Trade and other payables	-	(44,147)	-	(1,730)	(45,877)	(45,877)
Borrowings	-	-	-	-	-	-
Bank overdraft	-	(3,870)	-	-	(3,870)	(3,870)

Notes to the Group financial statements

At 31 December 2012

	Amortised cost loans and receivables US$'000	Amortised cost financial liabilities US$'000	Held at value at fair value US$'000	Other (see note) US$'000	Carrying value US$'000	Fair value US$'000
Other investments	-	-	19,248	-	19,248	19,248
Trade and other receivables	15,616	-	-	-	15,616	15,616
Cash and cash equivalents	7,488	-	-	-	7,488	7,488
Obligations under finance leases	-	(26,859)	-	-	(26,859)	(26,859)
Trade and other payables	-	(44,629)	-	(1,326)	(45,955)	(45,955)
Borrowings	-	(1,998)	-	-	(1,998)	(1,998)
Bank overdraft	-	(2,018)	-	-	(2,018)	(2,018)

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

Liquidity risk

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

At 31 December 2013

	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	24,820	30,809	5,218	4,027	21,564	-
Trade payables	13,396	13,396	13,396	-	-	-
Other payables	14,039	15,534	11,826	500	1,500	1,708
Payables due to related parties	7,893	7,893	-	-	-	7,893
Bank overdrafts	3,870	3,870	3,870	-	-	-
Total	**64,018**	**71,502**	**34,310**	**4,527**	**23,064**	**9,601**

Notes to the Group financial statements

At 31 December 2012

	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**

Bank overdrafts of US$4m in Ghana are guaranteed by Fastjet Aviation Limited.

Interest rate risk

The interest profile of financial liabilities was as follows:

At 31 December 2013

	Loans and borrowings US$'000	Finance Leases US$'000	Overdraft US$'000	Other financial liabilities US$'000	Total US$'000
Fixed interest	-	24,820	-	-	24,820
Variable interest	-	-	3,870	-	3,870
	-	24,820	3,870	-	28,690

At 31 December 2012

	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

Currency risk

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

At 31 December 2013	**Monetary assets US$'000**	**Monetary liabilities US$'000**
Sterling	4,726	1,051
US Dollars	15,287	52,136
Tanzanian Shilling	1,431	9,009
Ghanaian Cedi	789	2,249
Angolan Kwanza	1,677	9,000
South African Rand	406	112
Euro	13	1,010
	24,329	74,567

At 31 December 2012	**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 Kwanza	3,701	7,460
	23,104	78,446

Notes to the Group financial statements

27. 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 2013				
Less than one year	9,680	737	-	10,417
One to five years	16,343	-	-	16,343
More than five years	-	-	-	-
	26,023	737	-	26,760
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

Prior to the acquisition, Fastjet Aviation Limited gave a guarantee in connection with two aircraft under operating leases operated by Fly 540 Sociedade de Aviacao Civil S.A.

28. Contingent liabilities

Prior to acquisition, Fastjet Air Limited has given a guarantee to Chase Bank to the value of US$5m in connection with the overdraft facilities granted to Five Forty Aviation Limited. Five Forty Aviation Limited is treated as an investment in accordance with note 14. This guarantee was released on 24 June 2014 as part of the settlement agreement referred to in note 30.

29. Related parties

The Group has related party relationships with its subsidiaries (see note 23) and companies with which the group holds an investment (see note 14).

The Company licences the fastjet brand from easyGroup Holdings Limited ("easyGroup"), an entity in which Sir Stelios Haji-Ioannou holds a beneficial interest and holds 5.7% of the issued share capital of the Company.

The brand licence with easyGroup dated 3 May 2012 provides for an annual royalty of 0.5% of total revenue to be paid for 10 years.

The brand licence requires a minimum royalty payment to be paid of $500,000 per annum indexed annually in accordance with US CPI. The present value of the minimum royalty payments was capitalised as a component of Brand licence costs.

The Brand License also provides for fees for management assistance for aviation advisory services of Euro 600,000 per annum indexed annually in accordance with French CPI. This agreement was terminated on 15 April 2014.

Notes to the Group financial statements

The amounts payable to easyGroup for the period were $1,675,000 (2012: $459,000). The liability for $1,669,000 of the amount due was settled by the issue of ordinary shares on 25 July 2013.

At the year end the outstanding liability to easyGroup was $43,000 (2012: $146,000) and included in Trade and other payables.

Transactions with subsidiaries

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

Trading with other related parties

At the reporting date the Group holds an investment in Five Forty Aviation Limited (see note 14). The net balances due from Five Forty Aviation Limited before impairment were US$338,000 (2012: US$332,000).

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

Transactions with key management personnel

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

Details of Directors' remuneration is given in note 6.

Ultimate controlling party

At 31 December 2012, a majority of the company's shares were controlled by Lonrho Plc. A shareholders agreement with Lonrho Plc was structured such that Lonrho Plc did not control the Group. During the year Lonrho Plc ceased to be a shareholder.

30. Events after the balance sheet date

Post balance sheet events share issues

Since the balance sheet date shares have been issued under the equity financing facility ("EFF") with Darwin Strategic Ltd ("Darwin").

On 27 January 2014, 37,735,850 ordinary shares were issued, fully paid, at 2.65p per share via a drawdown on the EFF with Darwin.

On 26 February 2014, 47,500,000 ordinary shares were issued, fully paid, at 2p per share via a drawdown on the EFF with Darwin.

On 25 March 2014, 17,301,038 ordinary shares were issued, fully paid, at 1.734p per share via a drawdown on the EFF with Darwin.

On 10 April 2014, the agreement with Darwin Strategic Ltd was terminated.

On 14 April 2014, 687,500,000 ordinary shares were issued, fully paid at 1.60p per share following a placing with institutional investors and warrants over 27,927,494 ordinary shares were issued, in connection with the placing.

Notes to the Group financial statements

On 15 April 2014, 94,287,227 ordinary shares were issued, fully paid at 1.60p per share on termination of the management consultancy fee agreement under the Brand Licence with easyGroup Holdings Ltd.

On 29 April 2014, the restructuring of Fly540 Angola and Ghana was announced. Fly 540 operations in Angola were temporarily suspended and two aircraft used in Angola and Ghana were taken out of service and offered for sale.

On 13 May 2014, 145,683,383 ordinary shares were issued, fully paid at 1.60p per share following an open offer to qualifying shareholders.

On 13 May 2014, 100,151,608 ordinary shares were issued, fully paid at 1.60p per share following a placing with institutional investors.

On 15 May 2014, the unpaid share capital in the Tanzania business was forfeited which effectively increased the Group's holding to 100% of the issued share capital.

On 16 May 2014, Fly 540 operations in Ghana were temporarily suspended pending further restructuring.

On 24 June 2014, fastjet plc signed a settlement deed disposing of its investment in Five Forty Aviation Limited. All legal and financial ties between the two companies were severed and fastjet group was fully indemnified against any and all liabilities relating to Five Forty Aviation Limited.

Parent Company Balance Sheet

	Note	**31 December 2013 US$'000**	31 December 2012 US$'000
Assets			
Investments	3	**11,324**	62,055
Intangible assets	4	**10,018**	11,176
Fixed assets	5	**220**	152
		21,562	73,383
Current assets			
Cash at bank and in hand		**4,818**	468
Debtors	6	**2,237**	9,116
		7,055	9,584
Creditors: amounts falling due within one year	7	**(1,838)**	(4,718)
Net current assets		**5,217**	4,866
Creditors: amounts falling due after more than one year	8	**(2,259)**	(2,665)
Net assets		**24,520**	75,584
Capital and reserves			
Called up equity share capital	9	**51,097**	29,284
Share premium account		**97,392**	80,986
Profit and loss account		**(123,969)**	(34,686)
Shareholders' funds	11	**24,520**	75,584

These financial statements were approved and authorised for issue by the Directors on 26 June 2014 and are signed on their behalf by:

Edward Winter
Chief Executive Officer and Interim Executive Chairman
Company registration number: 5701801

Notes to the Parent Company Financial Statements

1. Significant accounting policies

A summary of the significant 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:

Fixtures, fittings and office equipment	- 15% to 25% of cost
Plant and machinery	- 10% of cost
Software	- 25% 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.

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.

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Notes to the Parent Company Financial Statements

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$89,831,000 (2012: US$36,967,000).

3. Investments

	Shares in subsidiary US$'000	Other Investments US$'000	Total US$'000
Cost			
At 31 December 2012 and 31 December 2013	45,322	31,115	76,437
Accumulated impairment charges			
At 31 December 2012	(2,516)	(11,866)	(14,382)
Impairment charge recognised in the year	(31,482)	(19,249)	(50,731)
At 31 December 2013	(33,998)	(31,115)	(65,113)
Net book value			
At 31 December 2013	11,324	-	11,324
At 31 December 2012	42,806	19,249	62,055

The impairment charge in the year relates to the investment in Five Forty Aviation Limited, details of which are given in note 14 to the Group financial statements and Fastjet Aviation Limited details of which are given in note 11 to the Group Financial Statements.

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Notes to the Parent Company Financial Statements

4. Intangible assets

	Brands US$'000	Total US$'000
Cost		
At 31 December 2012 and 31 December 2013	11,764	11,764
Amortisation		
At 31 December 2012	588	588
Charge for the year	1,158	1,158
At 31 December 2013	1,746	1,746
Net carrying amount		
At 31 December 2013	10,018	10,018
At 31 December 2012	11,176	11,176

5. Fixed assets

	Plant and machinery US$'000	Fixtures and equipment US$'000	Software US$'000	Total US$'000
Cost				
At 31 December 2012	122	44	-	166
Additions	-	-	115	115
At 31 December 2013	122	44	115	281
Amortisation				
At 31 December 2012	10	4	-	14
Charge for the year	29	11	7	47
At 31 December 2013	39	15	7	61
Net carrying amount				
At 31 December 2013	83	29	108	220
At 31 December 2012	112	40	-	152

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Notes to the Parent Company Financial Statements

6. Debtors

	31 December 2013 US$'000	31 December 2012 US$'000
Debtors		
Amounts owed by Group undertakings	**-**	6,672
Other	**57**	5
Other debtors	**1,910**	744
Prepayments and accrued income	**270**	1,695
	2,237	9,116

7. Creditors: amounts falling due within one year

	31 December 2013 US$'000	31 December 2012 US$'000
Trade and other payables		
Trade payables	**753**	3,228
Other taxes and social security	**-**	191
Other payables	**474**	490
Accruals	**611**	809
	1,838	4,718

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

	31 December 2013 US$'000	31 December 2012 US$'000
Other payables	**2,259**	2,665

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

Liability under brand agreements are payable as follows:

	31 December 2013 US$'000	31 December 2012 US$'000
Between one and two years	**413**	413
Between two and five years	**1,310**	1,310
After five years	**536**	942
	2,259	2,665

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Notes to the Parent Company Financial Statements

9. Share capital

See note 21 of the Group financial statements.

10. Share based payments

See note 24 of the Group financial statements.

11. Parent Company reconciliation of movements in shareholders' funds

	Share capital US$'000	Share premium US$'000	Profit and loss US$'000	2013 Total equity US$'000	2012 Total equity US$'000
Balance at beginning of the year	29,284	80,986	(34,686)	75,584	261
Share issued	21,813	16,406	-	38,219	108,904
Share based payments	-	-	548	548	280
Share options issued-	-	-	-	-	3,106
Transactions with owners	21,813	16,406	548	38,767	112,290
Loss for the year	-	-	(89,831)	(89,831)	(36,967)
Balance at end of the year	51,097	97,392	(123,969)	24,520	75,584

12. Related party transactions

See note 29 of the Group financial statements.

13. Events after the balance sheet date

See note 30 of the Group financial statements.

14. Contingent liabilities

See note 28 of the Group financial statements

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