ANNUAL REPORT & FINANCIAL STATEMENTS

for the year ended 31st December 2014

fastjet Plc

fastjet

Contents

Company details and advisers

Registered Number	5701801
Directors	Clive Carver (Interim Chairman) Ed Winter (Chief Executive Officer) Nick Caine (Chief Financial Officer) Richard Bodin (Chief Commercial Officer) Krista Bates (General Counsel) Robert Burnham (Non-Executive Director) Bryan Collings (Non-Executive Director)
Company Secretary	Krista Bates
Registered Office	Suite 2C First Point Buckingham Gate Gatwick Airport RH6 0NT
Nominated Adviser and Joint Broker	W.H. Ireland Limited 24 Martin Lane London EC4R 0DR
Joint Broker	Liberum Capital Limited Ropemaker Place, Level 12 25 Ropemaker Street London EC2Y 9LY
Registrars	Neville Registrars Limited Neville House 18 Laurel Way Halesowen, West Midlands B63 3DA
Auditors	KPMG LLP 1 Forest Gate Brighton Road Crawley RH11 9PT
Solicitors	Laytons 2 More London Riverside London SE1 2AP
Financial PR	Citigate Dewe Rogerson 3 London Wall Buildings London Wall London EC2M 5SY

Board of Directors

Clive Carver, Interim Chairman
Clive joined the Board as a Non-Executive Director in 2014 and was appointed Interim Chairman at the time of the recent fundraising, taking the lead in finding an appropriate long-term Chairman for the next stage of the Company's development. Qualifying as a chartered accountant with Coopers & Lybrand in 1986, he then pursued a career as a corporate financier culminating in his role in 2006 as a founding Director and Head of Corporate Finance of finnCap until 2011. He holds a number of non-executive appointments, as Chairman of three other quoted companies and a non-executive director of privately owned Darwin Strategic Limited.

Ed Winter, Chief Executive Officer
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. Ed 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, Ed 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.

Nick Caine, Chief Financial Officer
Nick joined the Company in August 2014 from Fiji Airways (formerly Air Pacific) where he was Chief Financial Officer, and was instrumental in returning the airline to profitability, securing financing for the new wide body fleet and delivering significant cost savings. Nick's aviation career spans both senior financial and non-financial roles in traditional airlines British Airways, Swissair, and South African Airways, and low cost airlines easyjet, Jetstar Australia, and Jetstar Pacific, in addition to consultancy on start-up and turnaround projects.

Richard Bodin, Chief Commercial Officer
Richard Bodin joined fastjet in June 2012 at the Company's re-admission having served as a consultant with easyGroup from the commencement of the project in November 2011. Richard has been instrumental in developing fastjet's marketing and commercial strategy, successfully introducing the low cost airline model into Tanzania. After completing his MBA in 1996, he joined easyJet as contracts manager, progressing in 2001 to the travel insurance arm of AIG (Europe) Ltd. He subsequently served as Business Director of Jet2.com Ltd., Managing Director of Jet2Holidays, and held senior roles with Virgin Holidays Low Cost Travel Group Limited.

Krista Bates, General Counsel
Krista Bates has contributed significantly to fastjet's development as a professional adviser on commercial and legal matters since fastjet's re-admission. Prior to joining fastjet as General Counsel in June 2014, Krista pursued a career as a corporate lawyer, having trained and qualified with Simmons & Simmons in London. She subsequently practiced with Linklaters in London, Clyde & Co LLP (formerly Shadbolt) in London and Tanzania, and Anjarwalla & Khanna in Kenya. Krista has advised a diverse base of national and international clients, focusing recently on investments across eastern Africa. She is a member of the England & Wales Law Society.

Robert Burnham, Non-Executive Director
Rob has held a variety of executive director and senior management positions in a number of listed companies both in the UK and USA. He has undertaken lead roles in substantial merger and acquisition transactions and, as Chairman, led a flotation on the London AIM market. He currently operates as a Management Consultant advising businesses on building enterprise value through profitable growth and staff professional development.

Bryan Collings, Non-Executive Director
Bryan joined the Board as a Non-Executive Director in May 2015. Bryan founded, and is the sole shareholder of, Coppin Collings Limited. He owns equity stakes in, and is Chairman of, numerous businesses through Coppin Collings. Bryan founded and was Managing Partner of HEXAM Capital Partners LLP in 2006 until 2012. During that period he increased the assets at HEXAM from some US$13 million seed investment to a peak of almost US$2 billion. He purchased a 52 per cent stake in HEXAM from Standard Life Investments, inter alia, in December 2014. His previous experience includes executive positions at Baring Asset Management, Deutsche Asset Management, and Invesco. Bryan is a previous recipient of investment awards in the UK, and holds a M.Sc. in Economics and a CFA.

Chairman's statement

Dear Shareholders

On 20 April 2015, the future of our Company was transformed by the completion of a £50 million equity funding. We now enjoy the enviable position of being properly funded to progress our aim of becoming the most successful pan-African low cost airline.

The need for a pan-African low cost airline is unquestionable. Africa's size, challenging terrain and poor infrastructure make air travel the logical choice over the arduous road alternative.

It is our belief that the air service offered by the traditional carriers is severely restricting the development of economies across the continent. Cross border trade, tourism and social benefits are impacted by fares that are artificially high due to a lack of competition, out-dated practices or poor operational policies.

Economic growth and increasing political stability in many African countries is creating positive change. There is a rapidly developing middle class that has an appetite for consumerism and travel. There has never been a greater opportunity to establish a safe, reliable and affordable air travel option for both business and leisure, and in Tanzania we have proved the model works and are set to replicate this across the region.

Challenges do exist however. Certain governments are reluctant to open their markets to increased competition and whilst there are pan-African agreements relating to the de-regulation of African skies, a few authorities still protect their markets in a bid to insulate flag carriers from modern and nimble challengers. Happily other governments embrace the opportunities for the benefits of their population.

From time to time there will be issues in some of the territories in which we seek to operate. This is the nature of operating in emerging markets. However, provided we deliver according to our plans over the next few years, the value of our Company should increase strongly to reflect that success.

We currently operate three aircraft from our Tanzania base. Our plan is to grow to a fleet of thirty-four aircraft by 2018 operating from bases across the region. In Ed Winter and the executive management team we have the people in place to turn the opportunity into reality. They in turn now have the funding to progress it.

I would like to take this opportunity to thank our staff without whose skill and dedication we would not be in our current strong position.

We look forward in the coming months and years to not only delivering a strong financial return to our investors but also to play our part in democratising air travel in Africa.

Yours sincerely

Clive Carver
Interim Chairman
2 June 2015

Strategic Report

fastjet's Vision

"To be the most successful pan-African low cost airline"
To operate domestic and international routes in all economically viable African markets

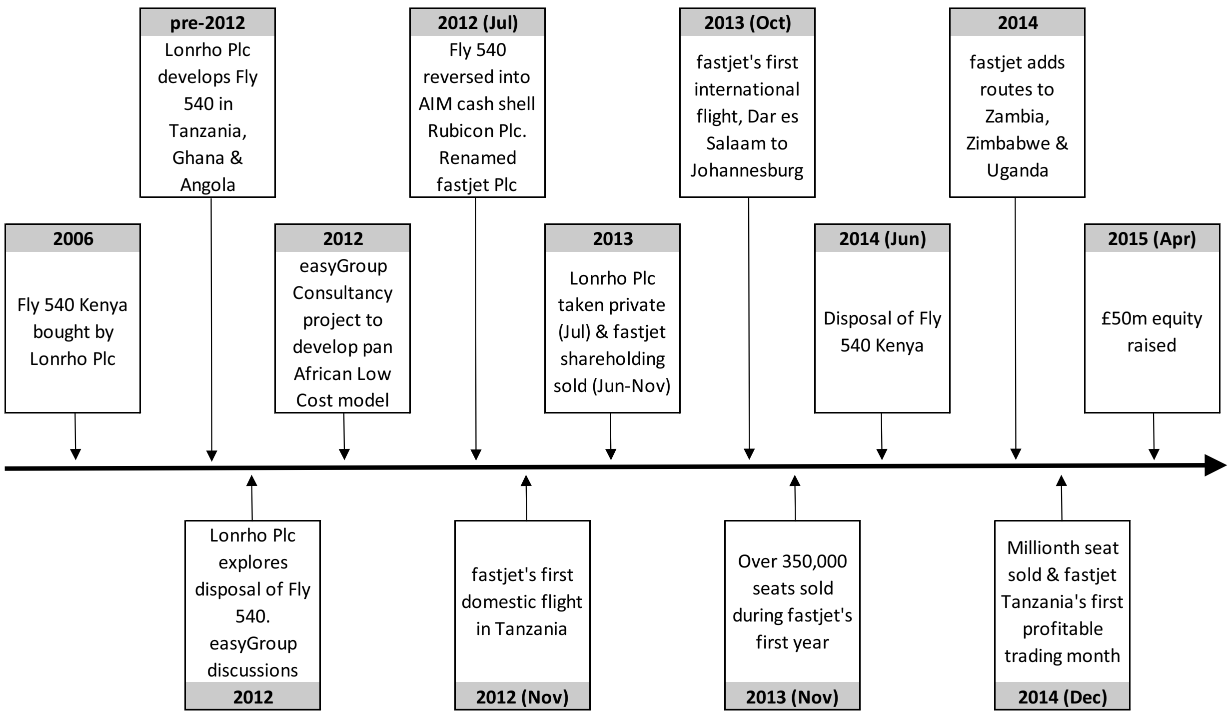
Africa's low cost airline

fastjet is the holding company of fastjet Airlines Limited (Tanzania), a low-cost airline which operates flights under the fastjet brand in Tanzania using a fleet of three Airbus A319 aircraft. By adhering to the high international standards of safety, security, quality and reliability, fastjet has brought a new flying experience to the African market at low prices. fastjet's long-term strategy is to become the most successful pan-African low-cost airline.

The fastjet low-cost airline was launched in Tanzania on 29 November 2012. It carried more than 350,000 passengers in the first year of operations and sold one million seats by December 2014. Comparing 2014 with 2013, passengers flown increased by 63 per cent, capacity rose by 62 per cent and load factor increased by one percentage point to 73 per cent. During the same period, the average revenue per passenger including ancillary sales increased by 27 per cent. The Group currently operates nine routes to eight destinations in five countries in Africa. Domestically it operates routes connecting Dar es Salaam to Mwanza, Kilimanjaro and Mbeya and Kilimanjaro to Mwanza. It also operates five international routes from Dar es Salaam to Johannesburg (South Africa), Harare (Zimbabwe), Entebbe (Uganda) and Lusaka (Zambia). It also serves Entebbe from Kilimanjaro.

Using its low-cost model, to drive the lowest possible unit costs, and by avoiding costly frills with additional services, such as a baggage or refreshment available as pay-as-you travel optional extras, fastjet can offer its customers affordable fares.

Development timeline



Strategic Report

Strategy

fastjet's Tanzanian operation, which was launched on 29th November 2012, comprises an already well established brand name, a loyal customer base and both domestic and international routes. It is therefore well placed to further develop its existing operations in Tanzania and beyond. The current fleet of three aircraft is now almost fully utilised, a fourth aircraft is expected to join the fleet in Q3 2015 and additional growth opportunities will require more aircraft over the remainder of 2015. This will enable fixed overhead costs to be further spread over a larger operation.

fastjet's successful introduction of the low cost model has stimulated the Tanzanian market in the same way as other such markets elsewhere in the world have been stimulated. The Tanzanian consumer has embraced the brand and model with speed and enthusiasm. High utilisation and reliability, with punctuality of over 90 per cent, have been achieved within the infrastructural constraints of Africa. Experience gained whilst establishing the current operations will be deployed during the expansion into other countries and territories.

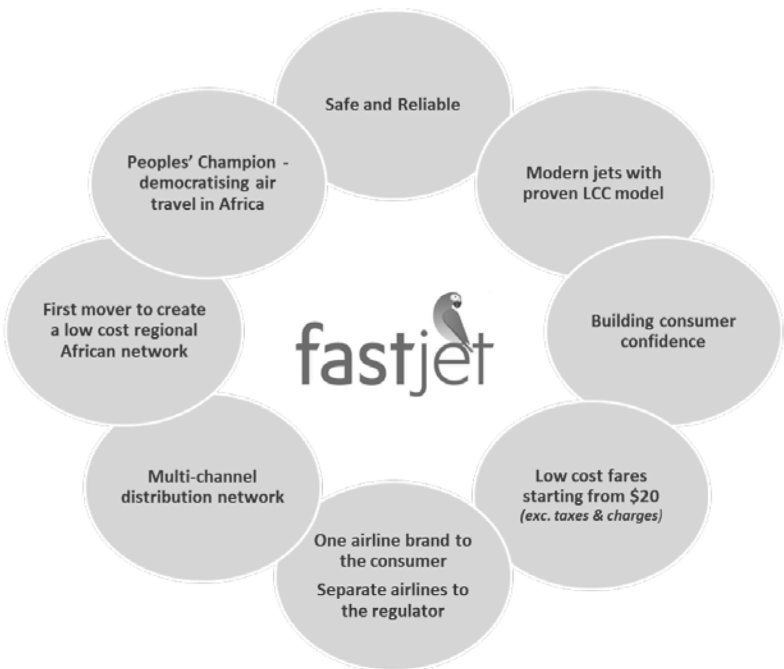
fastjet has identified five countries – Kenya, Uganda, Zambia, Zimbabwe and South Africa – as key markets for the initial expansion of its business plan over the next three years. Expansion through this three year plan should create significant shareholder value.

fastjet's business model

fastjet operates a well-proven low cost airline model, operating a single type fleet of modern, fuel efficient, jet aircraft on a short haul, point to point network. Aircraft are maintained to world class standards to ensure both safety and reliability. Complexity is minimised, and resources are highly utilised. A flat management structure empowers staff and allows quick decision making.

fastjet fares are kept to a minimum by excluding extras such as baggage and meals on board. A profitable ancillary revenue stream is therefore produced as fastjet offers services and functionality to customers who require extras.

fastjet's revenue management model uses low fares to stimulate the market. The system develops demand expectations, records sales performance and highlights over and under performance at a granular level. This enables the Company to manage the balance between the revenue per passenger and the number of passengers flown on each flight.



Strategic Report

Company structures

African aviation is not liberalised, with each country retaining regulatory control of its own route rights through a series of Bilateral Air Service Agreements. To comply with airline ownership regulations, fastjet already has or will establish a fastjet operating company in each of its target countries. These will all have shareholding structures designed to fully comply with legislation whilst maximising fastjet's economic interest.

Each fastjet operating company will benefit significantly from centralised functions which will provide economies of scale and knowledge sharing. A Group approach to contracts and service providers will enable further efficiencies and reduced fixed costs. A centralised fleet management structure will optimise provision of aircraft across the fastjet Group. A centre of expertise will develop and support fastjet airlines across the region. Centralised services will be geographically located to optimise cost and performance. Areas such as safety management systems, maintenance, pilot selection and training and flight data monitoring will be maintained to international standards, with centralised facilities provided to each company allowing control of operational standards and security across all subsidiaries.

fastjet will charge the operating companies for centrally provided or procured services at costs more favourable than each operating company could obtain in an open market - in particular aircraft, insurance and maintenance services.

Whilst each operating company will be managed by local staff, satisfying local regulatory requirements, fastjet will be presented as one airline to the customer with consistent delivery of brand, safety, reliability, customer service and quality. An optimised integrated network and revenue management system will maximise value across the total network.

Fleet ownership

fastjet expects its fleet to grow using a mix of aircraft ownership models resulting in a fleet of aircraft either leased or financed by equity or debt by 2018. The aircraft fleet will be leased by the fastjet Group to the operating companies as required. fastjet believes that a range of benefits will accrue from bringing purchased aircraft into the fleet, specifically balance sheet enhancement, cash flow reduction and the deferral of maintenance deposits.

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 often need to obtain a Foreign Operator Permit.

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. 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 wherever possible 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.

Strategic Report

Laying the foundations

In December 2014, fastjet Tanzania achieved its first profitable month of operations, a major milestone for the Company. The key contributors to this were the maximisation of fleet capacity and improved revenue per passenger. Further contributors were the increase in load factor (the number of passengers as a percentage of the number of available seats flown) and a reduction in the cost of aviation fuel.

In December 2014, fastjet Tanzania operated its aircraft for 10.2 block hours per day, compared to 5.5 block hours per day in December 2013. This increased flying delivered 71 per cent more seats for sale with no growth in its fleet size, resulting in an additional US$2.5 million revenue with no increase in fixed aircraft costs. A maturing brand and high season demand contributed to average revenue per passenger growth of 20 per cent, adding just under US$1.2 million of revenue and a passenger load factor increase of 3 per cent delivering a further US$0.2 million of revenue, with a year-on-year fuel price reduction of 16 per cent saving US$0.4 million.

Tanzanian expansion

fastjet expects to further increase the frequency of flights on its current routes, to link more domestic destinations, to add new domestic destinations as airfields are upgraded to take its A319 aircraft and to add international destinations such as Nairobi, Lilongwe, Mombasa, Kigali and Lubumbashi to the Tanzanian network in line with consumer demand. Flights to destinations in Kenya are dependent on fastjet gaining approval from the Kenyan government. This approval has been outstanding for some time due to disagreements on the application of the Bilateral Air Service Agreements that exist between the two countries. However recent discussions between the Tanzanian and Kenyan governments lead the Company to believe that approval will be granted.

A further opportunity includes the right to operate flights through Entebbe, where Air Uganda has ceased operations and has left a void in air services. Permission has been granted by the Ugandan government for flights from Entebbe to Juba, Kigali, Johannesburg, and Nairobi. Agreement has been given by the South Sudan and the Rwandan governments but is awaited from the Kenyan and South African governments.

The fleet plan has at least 8 aircraft maximising growth potential in Tanzania by 2018 with the potential for further expansion in the future.

Expansion beyond Tanzania

Building on the success of the Tanzanian operation, fastjet plans to roll out its model across the continent. fastjet has identified five countries – Kenya, Uganda, Zambia, Zimbabwe and South Africa – as key markets for the initial expansion of its business plan over the next three years.

The total population of these countries, including Tanzania, is 210 million people, representing approximately 20 per cent of the total African population. These countries are also English speaking with strong historical links to one another, are trading partners, and have experienced significant migration between each other over the years. The geographical proximity of these countries facilitates significant synergistic opportunities including, significantly, aircraft maintenance. The business plan includes growth to a total fleet of up to 34 aircraft by the end of 2018 providing approximately ten million sold seats per year on a domestic and regional network of potentially up to 40 destinations, including all key domestic and regional routes within and originating from the six target countries. This would represent an approximate 13 per cent market share of fastjet's assessment of the 2018 regional and domestic air travel market in these six countries. Assuming that an average customer makes two return trips per year, the business plan is targeting just 1 per cent of the population as customers, or approximately 10 per cent of the target market within that population.

Strategic Report

Expansion beyond Tanzania (continued)

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

Although fastjet's growth is dependent on the granting of these government approvals, there is the possibility of delays for administrative, competitive or other such reasons. To mitigate the risks of delays, the business plan provides considerable optionality in the introduction of new bases and routes and also the rate of aircraft fleet growth.

Pan-African growth

The aviation market in Africa is immature but growing. With 15 per cent of the world's population, 20 per cent of its land mass, and only 3 per cent of world aviation, the African continent offers fastjet the opportunity to grow the aviation market. The 1.1 billion African population is predicted to have a consumer spend of US$1.4 trillion by 2020 (McKinsey) with oil, gas and mineral exports fuelling the economy, and supporting an emerging middle class. There is relative political stability within much of Africa, significant infrastructure development and visible signs of growing consumer consumption.

There are currently less than 0.1 aviation seats per capita per annum within Africa and fastjet estimates that at least 160m more intra-African aviation seats will be required by 2030. There are only nine international intra-African flights currently flown by low-cost carriers, five of which are operated by fastjet.

fastjet presents itself and acts as one airline to its customers, ensuring consistent delivery of safety, reliability, service, brand and quality. While each fastjet airline will have its own local management team, each will benefit from being part of one network with integrated revenue management to maximise value. Internal services will be developed to deliver synergistic benefits across the countries in which we operate, with the fleet structure designed to optimise Group aircraft utilisation.

Historically, safety has been an issue in African aviation with 11.5 serious accidents per million flight hours in Africa versus 2 accidents in the rest of the world (source: IATA 2012). However, fastjet has quickly gained a reputation for being safe and reliable. fastjet achieved this by choosing high quality suppliers, by setting the highest standards for its employees and establishing procedures and training programmes to ensure it meets the highest European standards. fastjet operates wherever possible as though it were regulated by the European Aviation Safety Agency (EASA).

Strategic Report

Operational highlights

Reliability
With its vision to be the most successful pan-African low-cost airline, fastjet has introduced international standards of safety, quality, security and reliability with 92 per cent of all fastjet flights in 2014 arriving on time ("on time" being defined as arrival earlier than or within 15 minutes of schedule, excluding cancelled flights).

Passenger growth
Since its launch in 2012, fastjet has flown over 1.2 million passengers. Before flying with fastjet, many passengers had previously used road transport on long, arduous and dangerous journeys. fastjet's established reputation for reliability and punctuality has persuaded passengers to book seats early with the average booking window (days between booking and flight) increasing by 26 per cent in 2014. The average load factor during 2014 was 73 per cent.

Marketing and digital success

fastjet has established one of the strongest brands in Tanzania. Awareness of the logo and parrot mascot is very high and the brand promise is well understood. fastjet has mastered, and will continue to use, a multi-channel marketing strategy to ensure the highest market penetration in its countries of operation.

In order to offset Africa's lower rates of commercial activity on the internet and low credit and debit card usage, fastjet continues to develop award-winning customer communication platforms including the extensive use of social media such as Facebook and Twitter. fastjet's website (www.fastjet.com) continues to stimulate traffic and in 2014 it had over 2.7 million visits with a sales conversion level of more than 12 per cent. Geographically targeted pricing ensures lower fares are available to local users and, to aid engagement, a Swahili language site was added in October 2014.

fastjet has further developed innovative booking channels to maximise opportunities for customers to book fastjet tickets. For example, mobile phone penetration throughout Africa is very high and the fastjet website is optimised for use on smart phones. The mobile phone site is growing in importance as customers increasingly use the 'mobile wallet' functionality to pay for their seats with up to 30 per cent of fastjet revenues in 2014 being transacted through mobile money channels.

Customer Survey

38 per cent of fastjet's passengers surveyed six months after the commencement of fastjet operations were first-time fliers. A similar survey conducted in December 2014 showed 35 per cent of passengers surveyed as first-time fliers. This demonstrates that fastjet's low-cost airline model works in sub-Saharan Africa and is effective in stimulating and growing the market with customer acceptance of the model developing rapidly. The booking window has increased significantly with customers quickly understanding and adopting the 'book early for lowest fare' model, demonstrating confidence in fastjet's high level of reliability. Feedback on customer satisfaction during 2014 has been positive, with 95 per cent of fastjet customers surveyed confirming that they would fly with fastjet again and 9 out of 10 customers stating that they would recommend fastjet to friends, and 17 per cent flying more than ten times with fastjet in 2014.

Awards

fastjet won the gold award at the prestigious Stevie Awards, the world's premier e-commerce business awards, in February 2015. The award recognised the airline's excellence in utilising social media channels in its customer service delivery. fastjet topped the category for Ecommerce & Online Customer Services for pioneering an online customer service revolution across Africa, building a strong and consistent presence across social media, email marketing and the web. The runners up were Delta Airlines and DHL.

In 2014 fastjet achieved the largest online following of any East African airline, with over 400,000 followers across all social channels, which plays a significant part in driving online bookings through the fastjet website.

Strategic Report

Principal risks and uncertainties

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

The following list sets out the Group's principal risks and uncertainties and also provides details as to how these are managed. This list is not intended to be exhaustive.

Risk	**Mitigation**
Safety *A major safety incident or accident could adversely affect fastjet's operational and financial performance*	• Safety and security is fastjet's number one priority. • The fastjet business model is to operate, as far as possible, as though regulated by the European Aviation Safety Agency (EASA) regardless of local regulation. • A comprehensive Safety Management System (SMS) exists and covers operations throughout the Company. • Safety data is collected and analysed and used for future risk mitigation. • All personnel are encouraged to report incidents without fear of disciplinary action. • The Board Safety Committee provides oversight of the SMS and is responsible for overall safety policy and governance. • A Safety Action Group meets on a monthly basis in Tanzania chaired by the General Manager to review incidents and manage safety-related risk. • A Flight Operations Quality programme analyses flight data from each flight and investigates exceedances. The data is used to guide training and where appropriate changes in procedures. • fastjet works with local agencies such as airport authorities and air traffic control to improve safety in the operating environment.
Security and terrorist threat or attack *A major security incident could adversely affect fastjet's operational and financial performance*	• fastjet works with appropriate authorities and governments to ensure that security measures are effective. • Regular security audits are conducted to ensure fastjet operations are as secure as possible.
Mass disruption *Mass disruption has the potential to adversely affect fastjet's operational and financial performance*	• Processes are in place to manage mass disruption led by a 24 hour Network Management Control centre. • As the network expands fastjet will be less reliant on any single market.
Legislative and regulatory risks *Delays in receiving the required licences and approvals could have a significant effect on fastjet's business plan*	• fastjet takes a proactive role in influencing government policy and regulations which affect the Company. • fastjet lobbies at the highest level of government, and within the industry, promoting the relaxation of the regulatory environment regarding route rights. • To mitigate the risks of delays, the business plan provides considerable optionality in the introduction of new bases and routes and also the rate of fleet growth.

Strategic Report

Principal risks and uncertainties (continued)

Commercial risk *Once secured, new routes need to stimulate demand from sometimes hitherto untapped markets to meet growth targets*	• On certain target routes, an incumbent competitor product, reliability and fares have created a market opportunity. • Use of an in-house route development model utilising over 100 criteria provides accurate demand analytics. • Route optionality allows resources to be deployed to match demand.
Economic risk *The business model assumes that fastjet prices will be accessible to the new markets considered*	• fastjet is targeting approximately 1 per cent of the population as customers, or approximately 10 per cent of the target market within that population. • Many target customers already travel at a similar cost on the roads, and many more currently travel less frequently but on higher cost airlines. • fastjet's model allows for very accessible pricing if booked in advance.
Competition *Changes in competitor behaviour could adversely affect fastjet's financial performance*	• Regular monitoring of competitor activity is undertaken, enabling a rapid response to any such activity that may impact fastjet revenues.
Bribery Act *Participation in bribery could adversely affect fastjet's financial performance and reputation*	• fastjet has a zero tolerance approach to bribery and corruption. • All employees are subject to the Company's Anti Bribery and Corruption policy. • fastjet's General Counsel has close oversight on all external contracts with a strong focus on legal governance and compliance. • fastjet includes appropriate anti-bribery and corruption restrictions in its contractual relationships with suppliers and related parties.
Loss of key management	• Recruitment policy takes account of the need for succession planning. • Extensive cross functional working ensures that know-how and key relationships are shared.
Macroeconomic fluctuations *Significant movements in jet fuel price and exchange rates, along with other macroeconomic issues outside fastjet's control could have an adverse effect on fastjet's financial performance*	• Whilst fastjet does not currently have any fuel, forex or interest rate hedging in place, as the business grows and absolute exposure increases, fastjet will consider appropriate risk management strategies. • Near term currency fluctuation risk is mitigated where possible by matching flows of income and expenditure in the same currency.
Fraud and criminal activity	• Revenue management operates from UK, with specific roles focussed on forensic oversight. • Cashless payment solutions are being explored to limit exposure to fraud in the payment and receipt cycle.

Strategic Report

Changes to the Board

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

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

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

On 1 July 2014 Angus Saunders stepped down as Chief Financial Officer and Executive Director.

On 18 September 2014 Nick Caine was appointed as Chief Financial Officer and Executive Director.

On 2 April 2015 Ed Winter stepped down as Interim Chairman.

On 2 April 2015 Clive Carver, Non-Executive Director, was appointed as Interim Chairman.

On 12 May 2015 Bryan Collings was appointed as Non-Executive Director.

Further information regarding the Board of Directors is set out in the Directors' Report.

Underlying financial performance*

fastjet Tanzania

fastjet Tanzania recorded an operating loss before exceptional items of US$22.5 million in 2014 (2013 US$21.6 million), with revenues growing by 106 per cent to US$53.8 million (2013 US$26.1 million).

fastjet Tanzania's revenue growth was driven by a 63 per cent increase in passengers over 2013, and an increase in revenue per passenger of 26 per cent. This passenger growth was achieved utilising the same three aircraft as operated in 2013, but at an increasing level of utilisation (hours flown per aircraft per day) throughout the year. By December 2014, aircraft utilisation had grown to 10.2 block hours per day, against 5.5 block hours per day in December 2013, delivering 62 per cent more seats to the market from the same asset base across 2014.

In December 2014, fastjet Tanzania achieved its first profitable month of operations, a major milestone for the Company, with the key contributors being the improved aircraft utilisation, growth in revenue per passenger, higher load factors, and a small reduction in fuel cost.

Continuing business

Three aircraft operating from fastjet's Tanzania base does not provide the levels of income required to cover the costs of building a pan-African low-cost airline. Despite the business developing through 2014, as demonstrated by the significant revenue growth achieved, operating losses were expected from continuing operations.

The Company's continuing business, consisting of both fastjet Tanzania and its central support organisation, recorded an operating loss before exceptional items of US$30.7 million in 2014 (2013 US$33.7 million). After exceptional items, the Company's continuing business recorded an operating loss of US$43.9 million in 2014 (2013 US$32.0 million). Exceptional items for 2014 are highlighted below.

fastjet Group

The Company recorded a loss for the year of US$72.1m in 2014 (2013 US$55.2 million), of which US$27.7 million (2013 US$22.7 million) is related to discontinued activities as highlighted below.

** Note - 2013 figures above relate to restated figures where appropriate as outlined below and in note 23.*

Strategic Report

Non-trading financial performance

Exceptional items
The Company experienced several significant exceptional costs in the year. In April 2014, the agreement between the Company and easyGroup for management assistance for aviation advisory services was terminated by the issue of 94,287,227 shares at 1.6p per share at a total non-cash cost of approximately US$2.5 million at the date of issue. Additionally, further to a review of the carrying value of intangible assets (see note 10), the Company made the decision to fully impair the capitalised value of both the brand agreement and the fastjet Tanzania Air Operators Certificate (AOC), with non-cash adverse impacts on the income statement of US$8.9 million and US$1.9 million respectively.

Discontinued activities
During 2014 fastjet ceased operating its loss making Fly 540 businesses in Ghana and Angola, and they remain inactive, awaiting sale or closure. It is the Directors' opinion that these operations qualify as Held for Sale at the 2014 year end, as they were and are being actively marketed and resolution is expected within one year.

Losses from these discontinued activities (see note 3) were US$27.7 million in 2014, compared to US$22.7 million in 2013. In 2014, less than US$0.25 million of fastjet Plc cash was utilised in these discontinued activities.

Restatement of 2012 and 2013
Following discussions with the Conduct Committee of the Financial Reporting Council, the Directors decided a restatement of the Company's results for the years ended 31 December 2012 and 2013 was appropriate.

The reason for the restatement is that the 2012 purchase of Lonrho Plc's loss-making Fly 540 airline division by Rubicon Diversified Investments Plc, (now fastjet Plc) is more correctly treated as a reverse acquisition by Lonrho rather than an acquisition by Rubicon, as the Lonrho board could have sought control of the fastjet Board, although in practice they did not.

The restatement has no cash impact nor any material impact on the 2014 trading results.

The original and restated income statement and balance sheet for the year ending 31 December 2013, along with the original and restated consolidated balance sheets for 31 December 2012 and 31 December 2013, are presented in note 23, also showing the movements caused by restatement. Whilst Lonrho Plc at no point controlled the fastjet Board, Lonrho Plc did have a right to do so at that time, and in retrospect the revised treatment would have been more suitable.

Fuel cost

fastjet Tanzania buys its fuel based on current market prices, exposing the business to fuel price volatility, and any change in market pricing has an impact upon the cost of operations. Whilst fastjet does not currently have any fuel hedging in place, as the business grows and absolute fuel cost exposure increases, fastjet will consider appropriate risk management strategies.

Strategic Report

Key performance indicators

The Directors of the Company consider the following to be the key performance indicators when measuring the underlying performance. These measures relate to the operating performance of fastjet Tanzania only:

Measure	2014	2013	Movement
Load Factor	73.3%	72.5%	+0.8pp
Revenue per ASK (Available Seat Kilometre)	7.95c	7.72c	+2.9%
Cost per ASK	11.27c	14.13c	-20.2%
Cost per ASK excl. Fuel	7.93c	10.47c	-24.2%
Aircraft utilisation (average year)	7.9hrs	5.9hrs	+33.9%
Aircraft utilisation (period end)	10.2hrs	5.5hrs	+85.5%

Funding

In April and May 2014 fastjet raised £14.9 million before expenses through a placing and an open offer. A further placing on 1 April 2015 successfully raised an additional £50.0 million before expenses from a mix of new and existing institutional and other investors and fastjet management. The proceeds from the April 2015 placing will be deployed in providing expansion working capital to existing and new operations in Tanzania and in Zimbabwe, Zambia, Kenya, South Africa and Uganda, and to acquire aircraft.

Going Concern

The Directors are confident, on the basis of current financial projections and funds available (see 'Funding' above), and after considering possible changes in trading performance, that the Group has sufficient resources for its operational needs over the relevant period, being until 31 December 2016. Accordingly, the Directors continue to adopt the going concern basis.

Current trading and Outlook

fastjet continues to record significant growth in its year-on-year passenger numbers, with the level of passenger numbers achieved reinforcing fastjet's stronghold in the Tanzanian market, and the attractiveness of both the low-cost fare structure and operational reputation. Growth for 2015 is expected to come both from the Tanzanian operation and from the addition of new fastjet airlines in Zambia and Zimbabwe.

With the current fleet now nearly fully utilised, extra capacity is required with negotiations to lease one additional Airbus A319-131 aircraft already at an advanced stage, with a letter of intent having been signed on 18 May 2015. The aircraft in question will be the first of a number of aircraft that fastjet is planning to add to the fleet this year, with each additional aircraft able to make up to 1,000 more seats per day available to customers. Based upon the 75 per cent load factors currently projected, each aircraft in the fleet is expected to carry approximately 275,000 passengers per annum. Negotiations on further aircraft are underway, with the Company's target being to build a fleet of up to 34 aircraft operating to 40 destinations within and from Tanzania, Zambia, Zimbabwe, South Africa, Kenya and Uganda by the end of 2018.

Ed Winter
Chief Executive Officer
2 June 2015
Company registration number: 5701801

Directors' Report

The Board is committed to maintaining the highest 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.

Report of the Directors

The Directors present their report together with the audited accounts for the year ended 31 December 2014 and the comparative 12 month period to 31 December 2013.

Results and dividends

The income statement is set out on page 24 and has been prepared in US Dollars, the reporting currency of the Company and the consolidated Group. The Group's net loss after taxation attributable to equity holders of the Company for the year was US$65.9 million (2013 US$48.6 million). No dividends have been paid or proposed.

Post balance sheet events

Zimbabwean Air Service Permit issued
On 25 March 2015, the Group announced it received an Air Service Permit (ASP) from the Ministry of Transport and Infrastructural Development of the Government of Zimbabwe responsible for administering the Civil Aviation Authority of Zimbabwe (CAAZ). This represents a significant step towards the Company obtaining the Air Operating Certificate (AOC) required to launch fastjet Zimbabwe.

Share consolidation
On 21 April 2015, the Company's existing ordinary shares of 1 pence each were consolidated into new ordinary shares of £1 each on the basis of one new ordinary share for every 100 existing ordinary shares held at 5pm on that date.

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

Appointment of new Non-Executive Director
On 12 May 2015, the Company announced the appointment of Bryan Alexander Coppin Collings as a Non-Executive Director.

Fleet expansion
On 18 May 2015 the Company signed a letter of intent with ICBC International Leasing Company Limited in respect of the leasing of one Airbus A319-131 aircraft, expected to be put into service in the third quarter of 2015, subject to entering into a lease agreement with certain conditions being met.

Internal control

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

Directors' Report

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.

Employees

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

Securities trading

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

Relations with shareholders

The Board is committed to providing effective communication with the shareholders of the Company. Significant developments are disseminated through the London Stock Exchange announcements and regular updates of the Company website. The Board views the AGM as a forum for communication between the Company and its shareholders and encourages their participation in its agenda. fastjet has recently appointed an Investor Relations Manager to work with the Board in devising, delivering and implementing an effective investor relations and corporate reporting strategy.

Substantial shareholdings

At 31 December 2014, the following shareholders had notified the Company of disclosable interests in 3 per cent or more of the nominal value of the Company's shares:

Shareholder	Number of ordinary shares of 1p each held as at 31 Dec 2014	% of issued share capital
Standard Life Investments	112,500,000	6.85%
easyGroup Holdings	94,287,227	5.74%
Majedie Asset Management	62,500,000	3.81%
EasyGroup IP	62,500,000	3.81%
George Prokas	59,250,000	3.61%
City Financial	50,000,000	3.04%

Directors

The Directors who served the Company during the period were:

Name	Position	
Ed Winter	Chief Executive Officer	
Robert Burnham	Non-Executive Director	
Clive Carver	Non-Executive Director and Interim Chairman	*Appointed 1 June 2014*
Nick Caine	Chief Financial Officer	*Appointed 18 September 2014*
Richard Bodin	Chief Commercial Officer	*Appointed 1 June 2014*
Krista Bates	General Counsel	*Appointed 1 June 2014*
Bryan Collings	Non-Executive Director	*Appointed 12 May 2015*
Angus Saunders	Chief Financial Officer	*Resigned 1 July 2014*

Directors' Report

Board of Directors

The Board of Directors currently comprises four Executive Directors and three 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
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
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
Comprises Robert Burnham (Chairman), Clive Carver and Ed 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.

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

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

Directors' Report

Directors' and Officers' Insurance cover

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

Directors' interests

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

Name	**31 December 2014 No. of shares of £1 each (adjusted)***	**31 December 2014 No. of shares of 1p each**	**31 December 2013 No. of shares of 1p each**
Ed Winter	313,000	31,300,000	50,000
Clive Carver *(appointed 1 June 2014)*	Nil	Nil	Nil
Robert Burnham	1,472	147,305	147,305
Nick Caine *(appointed 18 September 2014)*	Nil	Nil	Nil
Richard Bodin *(appointed 1 June 2014)*	31,250	3,125,000	Nil
Krista Bates *(appointed 1 June 2014)*	Nil	Nil	Nil

** adjusted to reflect the share consolidation outlined in note 26.*

Remuneration Policy

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

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

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

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

Bonus Policy

The criteria for Executive Director bonus awards are set to reflect the achievement of strategic targets, both short term and long term. In 2014 a significant weight was put on short term targets which would give fastjet a strong platform for future growth. These have been achieved and bonus criteria for 2015 and beyond will be weighted to progressing towards long term goals, building enterprise value, and thus directly delivering value to all the Company's shareholders.

Directors' Report

Directors' remuneration

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

For the year ended 31 December 2014

	Salary US$'000	Bonus US$'000	Fees US$'000	Benefits US$'000	Total US$'000
Clive Carver *(appointed 1 June 2014)*	-	-	52	-	52
Ed Winter	619	327	-	9	955
Robert Burnham	-	-	94	-	94
Bryan Collings *(appointed 1 May 2015)*	-	-	-	-	-
Nick Caine *(appointed 18 September 2014)*	171	91	-	1	263
Richard Bodin *(appointed 1 June 2014)*	270	234	-	8	512
Krista Bates *(appointed 1 June 2014)*	191	120	-	7	318
Angus Saunders *(resigned 1 July 2014)*	377	-	-	-	377
Total	1,628	772	146	25	2,571

For the year ended 31 December 2013

	Salary US$'000	Bonus US$'000	Fees US$'000	Benefits US$'000	Total US$'000
Ed Winter	594	189	-	11	794
Robert Burnham	-	-	77	-	77
Geoffrey White	43	-	-	-	43
Angus Saunders *(resigned 1 July 2014)*	412	-	-	-	412
Total	1,049	189	77	11	1,326

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.

Share options granted to Directors

Share options granted to those serving as Directors in the period are shown below (as noted below, subsequent to the year end the options in the table below were renounced).

	31 December 2014 No. share options held	31 December 2013 No. share options held	Exercise Price	Date granted	Exercise period
Ed Winter	2,000,000	2,000,000	50p	27/07/2012	27/07/12-27/07/17
Ed Winter	500,000	500,000	50p	27/07/2012	27/07/12-27/07/17
Ed Winter	500,000	500,000	50p	27/07/2012	27/07/12-27/07/17
Ed Winter	500,000	500,000	50p	27/07/2012	27/07/12-27/07/17
Ed Winter	500,000	500,000	50p	27/07/2012	27/07/12-27/07/17
Robert Burnham	37,500	37,500	60p	07/06/2006	07/06/06-07/06/16
Robert Burnham	300,000	300,000	10p	13/06/2012	13/06/12-13/06/22
Robert Burnham	2,000,000	2,000,000	50p	13/06/2012	13/06/12-13/06/17

Directors' Report

Subsequent grant of options

On 1 April 2015 fastjet granted new options over 325,681,149 ordinary shares of 1p each to Directors and employees of the Company, exercisable at the 1 April 2015 mid-market closing price of 1.025p. Share option awards previously issued to Ed Winter and Rob Burnham over 4,000,000 and 2,337,500 ordinary shares of 1p each respectively were renounced at the same time.

The options are issued under two new option schemes: the Tax Advantaged 2015 CSOP Scheme and the Non-Tax Advantaged 2015 Scheme.

The number of options and the exercise price were adjusted following the share consolidation on 21 April 2015 as explained in note 26.

The Directors received options as follows:

	Options granted over shares of 1p	Adjusted Options granted over shares of £1	Adjusted exercise price	Exercise period
Clive Carver *(appointed 1 June 2014)*	14,697,197	146,972	£1.025	01/04/18 - 01/04/25
Ed Winter	114,104,030	1,141,040	£1.025	01/04/18 - 01/04/25
Robert Burnham	14,697,197	146,972	£1.025	01/04/18 - 01/04/25
Bryan Collings *(appointed 1 May 2015)*	-	-	-	-
Nick Caine *(appointed 18 September 2014)*	42,260,744	422,607	£1.025	01/04/18 - 01/04/25
Richard Bodin *(appointed 1 June 2014)*	54,661,237	546,612	£1.025	01/04/18 - 01/04/25
Krista Bates *(appointed 1 June 2014)*	42,260,744	422,607	£1.025	01/04/18 - 01/04/25

Provision of information to auditors

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

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

Auditors

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

By order of the Board

Clive Carver

Clive Carver
Interim Chairman

2 June 2015
Company registration number: 5701801

Statement of Directors’ responsibilities

The Directors are responsible for preparing the Annual Report, Strategic report, Directors’ report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

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

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

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

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

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

Independent auditor's report

Independent auditor's report to the members of fastjet Plc

We have audited the financial statements of fastjet Plc for the year ended 31 December 2014 set out on pages 24 to 72. 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 21, 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.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2014 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report

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.

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

2 June 2015

Consolidated income statement

	Note	2014 US$'000	2013 (As restated) US$'000
Revenue		**53,759**	26,117
Administrative costs (after exceptionals)		**(19,540)**	(10,448)
Operating costs (after exceptionals)		**(78,150)**	(47,655)
Group operating loss	4	**(43,931)**	(31,986)
Operating loss before exceptionals		**(30,690)**	(33,707)
Termination of easyGroup arrangement	25	**(2,504)**	-
Impairment of investments	12	**-**	(6,152)
Impairment of other intangible assets	10	**(10,737)**	-
Reversal of impairment of receivables due from related parties	25	**-**	7,873
Operating loss after exceptionals		**(43,931)**	(31,986)
Finance charges	6	**(310)**	(445)
Loss from continuing activities before tax		**(44,241)**	(32,431)
Taxation	7	**(156)**	-
Loss from continuing activities after tax		**(44,397)**	(32,431)
Loss from discontinued activities, net of tax	4	**(27,685)**	(22,721)
Loss for the year		**(72,082)**	(55,152)
Attributable to:			
Shareholders of the parent company		**(65,874)**	(48,641)
Non-controlling interests		**(6,208)**	(6,511)
		(72,082)	(55,152)
Loss per share (basic and diluted) (US Dollars)	8		
From continuing activities		**(3.37)**	(10.71)
From discontinued activities		**(1.63)**	(5.36)
Total		**(5.01)**	(16.07)

Consolidated statement of comprehensive income

	Note	**2014** US$'000	2013 (As restated) US$'000
Loss for the year		**(72,082)**	(55,152)
Foreign exchange translation differences	1	**8,859**	2,160
Other investment impairment	12	**-**	(6,152)
Other investment reclassified to profit or loss		**-**	6,152
Total other comprehensive income for the year		**8,859**	2,160
Total comprehensive expense		**(63,223)**	(52,992)
Attributable to:			
Shareholders of the parent company		**(57,015)**	(46,481)
Non-controlling interests		**(6,208)**	(6,511)
Total comprehensive expense		**(63,223)**	(52,992)

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

Consolidated balance sheet

	Note	**31 December 2014 US$'000**	31 December 2013 (As restated) US$'000	31 December 2012 (As restated) US$'000
Non-current assets				
Other intangible assets	10	**335**	12,408	16,529
Property, plant and equipment	11	**540**	30,246	37,903
Investments	12	**-**	-	6,152
Other non-current trade and other receivables	13	**1,186**	10,983	7,177
		2,061	53,637	67,761
Current assets				
Inventories	14	**-**	910	763
Cash and cash equivalents	16	**6,655**	7,580	7,488
Trade and other receivables	13	**5,649**	5,768	8,439
Assets held in disposal groups classified as held for sale	3	**19,853**	-	-
		32,157	14,258	16,690
Total assets		**34,218**	67,895	84,451
Equity				
Called up equity share capital	18	**69,850**	51,097	29,284
Share premium account		**108,366**	97,392	80,986
Reverse acquisition reserve	23	**11,906**	11,906	11,906
Retained earnings		**(218,227)**	(147,239)	(99,148)
Translation reserve		**11,533**	2,674	516
Equity attributable to shareholders of the Parent Company		**(16,572)**	15,830	23,544
Non-controlling interests		**(23,031)**	(22,502)	(15,991)
Total equity		**(39,603)**	(6,672)	7,553
Liabilities				
Non-current liabilities				
Obligations under finance leases	17	**-**	21,291	23,633
Trade and other payables	15	**2,118**	10,152	10,558
		2,118	31,443	34,191
Current liabilities				
Bank overdrafts	16	**-**	3,870	2,018
Loans and borrowings		**-**	-	1,998
Obligations under finance leases	17	**183**	3,529	3,226
Trade and other payables	15	**21,714**	35,725	35,397
Other financial liabilities		**-**	-	68
Liabilities directly associated with assets in disposal groups classified as held for sale	3	**49,806**	-	-
		71,703	43,124	42,707
Total liabilities		**73,821**	74,567	76,898
Total liabilities and equity		**34,218**	67,895	84,451

These financial statements were approved and authorised for issue by the Directors on 2 June 2015 and are signed on their behalf by:

Edward Winter
Chief Executive Officer
Company registration number: 5701801

Consolidated cash flow statement

	2014	2013 (As restated)
	US$'000	US$'000
Operating activities		
Result for the year	**(72,082)**	(55,152)
Tax charge/(credit)	**156**	-
Loss/(Profit) on disposal of fixed assets	**-**	(2)
Impairment of intangible assets	**10,744**	2,532
Impairment of aircraft	**4,865**	4,259
Impairment of other fixed assets	**828**	-
Impairment of investments	**-**	6,152
Depreciation and amortisation	**2,394**	5,067
Finance charges	**2,966**	3,271
Decrease/(increase) in inventories	**910**	(147)
Decrease/(increase) in receivables	**2,292**	(1,560)
Increase in trade and other payables	**19,124**	3,929
Share option charges	**565**	548
Net cash flow from operating activities	**(27,238)**	(31,103)
Investing activities		
Sale of property, plant and equipment	**-**	48
Purchase of intangibles	**(119)**	(120)
Purchase of property, plant and equipment	**(213)**	(325)
Net cash flow from investing activities	**(332)**	(397)
Financing activities		
Proceeds from the issue of shares	**27,223**	36,550
Loan repayments	**-**	(1,995)
Interest paid	**(1,706)**	(2,915)
Finance lease payments	**(1,591)**	(2,040)
Net cash flow from financing activities	**23,926**	29,600
Net movement in cash and cash equivalents	**(3,644)**	(1,899)
Foreign currency difference	**1,311**	139
Opening net cash	**3,710**	5,470
Closing net cash	**1,377**	3,710
Classified on the balance sheet as:		
Cash and cash equivalents*	**6,714**	7,580
Bank overdrafts*	**(5,337)**	(3,870)
Closing net cash	**1,377**	3,710

*Closing cash balances held at 31 December 2014 include bank balances of US$58,645 and overdrafts of US$5.3m disclosed within held for sale disposal groups on the consolidated balance sheet.

Cash balances at 31 December 2014 include US$180,024 of cash not available for use by the group, being US$54,236 held in Angola where the government restricts movement of currency, and US$106,918 being other amounts held in trust.

Consolidated statement of changes in equity

	Share Capital US$'000	Share premium US$'000	Merger reserve (As restated) US$'000	Translation reserve US$'000	Retained earnings (As restated) US$'000	Non-controlling Interests US$'000	Total equity (As restated) US$'000
Balance at 31 December 2012 (As previously disclosed)	**29,284**	**80,986**	**-**	**516**	**(50,140)**	**(15,991)**	**44,655**
Restatements (see note 1 and 233)	-	-	11,906	-	(49,008)		(37,102)
Balance at 31 December 2012 (As restated)	**29,284**	**80,986**	**11,906**	**516**	**(99,148)**	**(15,991)**	**7,553**
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	-	-	-	-	(48,641)	(6,511)	(55,152)
Balance at 31 December 2013 (As restated)	**51,097**	**97,392**	**11,906**	**2,674**	**(147,239)**	**(22,502)**	**(6,672)**
Shares issued	18,753	10,974	-	-	-	-	29,727
Share based payments	-	-	-	-	565	-	565
Transactions with owners	18,753	10,974	-	-	565	-	30,292
Change in non-controlling interests (see note 19)	-	-	-	-	(5,679)	5,679	-
Foreign exchange difference	-	-	-	8,859	-	-	8,859
Loss for the year	-	-	-	-	(65,874)	(6,208)	(72,082)
Balance at 31 December 2014	**69,850**	**108,366**	**11,906**	**11,533**	**(218,227)**	**(23,031)**	**(39,603)**

Notes to the Group financial statements

1. Significant accounting policies

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

Basis of preparation

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

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

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

In accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', the comparative income statement has been re-presented so that the disclosures in relation to discontinued operations relate to all operations that have been discontinued by the balance sheet date (see note 3).

Going concern

These financial statements have been prepared on the going concern basis.

The Company has prepared detailed models of the Group's financial results under various scenarios, including under the planned expansion and on the basis of the continuation of the Group's current three aircraft operation. Sensitivity analysis has been performed on the various scenarios, the key assumptions used include estimating forecast yields and load factors and significant costs such as those for fuel. These have been estimated based on the industry experience.

Due to the fundraising that took place in April 2015 which saw capital of £50m raised from a mix of private and institutional investors, Directors and members of staff, the Group now has sufficient funds to continue in business for the foreseeable future.

Restatement

Following discussions with the Conduct Committee of the Financial Reporting Council, the Company has agreed to restate its prior year financial results and position in relation to the purchase of Lonrho Plc's ('Lonrho') loss making Fly 540 airline division ('the Fly 540 group') by the Company, then called "Rubicon Diversified Investments Plc", completed in June 2012 ('the Transaction').

The Board maintains that neither the Company's shareholders nor Lonrho ever intended the arrangements to give Lonrho control of the combined business after completion of the Transaction, and Lonrho never did. Lonrho's intention was to exit, and this was evidenced by the rapid sell-down of their position and the fact that they never appointed the majority of the Board. However, the Board accepts that taking together the terms of the relevant shareholder agreements and Lonrho's initial position as holder of over 70 per cent of the shares in the combined business, under the requirements of IFRS as adopted in the EU, Lonrho should have been deemed to have had the ability to control.

Therefore the Transaction constituted a reverse acquisition under IFRS 3, rather than an acquisition on the part of Rubicon. These financial statements have accordingly restated the current year and comparative information on that basis.

It should be noted that these changes have no impact on the cash position of the group, or on its ability to make distributions to shareholders in the future.

Discussions with the Conduct Committee of the Financial Reporting Council are now closed.

The effects of the restatement are presented in note 23.

Notes to the Group financial statements

Functional and presentational currencies

All amounts are presented in US Dollars being the Group's presentational currency. This currency has been chosen, as the Group's principal expenses and product prices are denominated in dollars, due to the nature of operating in the aviation sector. All amounts are shown in round thousands (US$'000) except where indicated.

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

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value in respect of which gains and losses are recognised directly in equity are also recognised directly in equity.

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

Subsidiaries within the Group hold monetary intercompany balances for which settlement is neither planned nor likely to occur in the foreseeable future and thus are considered to be part of the Group's net investment in the relevant subsidiary. The Group has, in this 2014 financial year, changed its treatment of exchange differences arising on translation of these balances. In previous periods these had been treated in the same way in the consolidated results as they had in the individual company, being a debit or credit to the income statement. In 2014 this has been changed in acknowledgement of the equity-like nature of these balances, and they are now recognised on consolidation directly into equity through the Consolidated Statement of Other Comprehensive Income, only being recognised in the Consolidated Income Statement on the disposal of the net investment.

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 consolidated financial statements:

- IFRS 10, IFRS 11, IFRS 12, and IAS 27 *Investment entities (amendments).*
- IAS32 *Offsetting financial Assets and Financial Liabilities (amendments).*
- IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets (amendments).*
- IAS39 *Novation of Derivatives and Continuation of Hedge Accounting (amendments).*
- IFRIC21 *Levies.*

Notes to the Group financial statements

Recent accounting developments

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

- IFRS 9 Financial Instruments
- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contract with Customers
- Defined Benefit Plans: Employee Contributions – Amendments to IAS 19
- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 & IAS 38
- Agriculture: Bearer Plants – Amendments to IAS 16 and IAS 41
- Equity Method in Separate Financial Statements – Amendments to IAS 27
- Sale or Contribution of Assets between and Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

Basis of consolidation

The Group financial statements consolidate those of the Company and its subsidiary companies drawn up to 31 December 2014. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The results of subsidiaries acquired or disposed of during the accounting period are including in the Group financial statements from/to the date of acquisition or disposal, respectively. The date of acquisition or disposal is the date from/to which the Company has control over the subsidiary.

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

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

Business combinations

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

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

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

These financial statements include restatements related to the business combination in 2012 between Rubicon Diversified Investments Plc and Lonrho Plc's aviation arm. Details of these restatements are provided in note 23.

Notes to the Group financial statements

Discontinued and held for sale operations

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

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

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

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

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

Other intangible assets

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

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

Impairment of assets

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

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

An impairment loss is recognised for the amount by which the 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.

Notes to the Group financial statements

Impairment of assets (continued)

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

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.

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.

Notes to the Group financial statements

Leased aircraft maintenance provisions (continued)

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.

Pension costs

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

Taxation

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

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

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

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

Notes to the Group financial statements

Share-based payments

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

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

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

Financial instruments

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

Equity
Equity comprises the following:

- "Share capital" represents the nominal value of equity shares that have been issued.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Retained earnings" 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.
- "Reverse acquisition reserve" represents the balancing figure on combination of Rubicon and Lonrho's reserves in 2012.

Financial assets

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

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

Financial liabilities

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

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, and trade and other payables.

Notes to the Group financial statements

Use of estimates and judgements

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

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

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

- valuation of Investment (note 12)
- valuation of Held for Sale assets (above, and note 3)
- maintenance provisions (above)
- share based payments (note 20)
- impairment of other intangibles (note 10)
- impairment of aircraft (note 11)

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

- the determination of the functional currencies of subsidiaries
- the determination of the accounting treatment in respect of the acquisition of investments as either associates, joint ventures, joint operations or subsidiaries (note 19)
- the determination whether the Company remains in a 'start-up' phase for the purposes of impairment reviews (note 10)
- the determination of when an operation or asset becomes held for sale or discontinued (see note 3)

2. Segmental reporting

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

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

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

The 'Adjust for discont.' adjustment column removes the Ghanaian and Angolan discontinued and Held for Sale operations and their associated assets from the total, to agree the balances to the primary statements.

Notes to the Group financial statements

2. Segmental reporting (continued)

Year ended 31 December 2014	Continuing		Discontinued		*Adjust for discont.*	
	Tanzania US$'000	Central US$'000	Angola US$'000	Ghana US$'000	*US$'000*	Total US$'000
Revenue						
External	53,759	-	1,683	2,583	*(4,266)*	53,759
Inter-segment	-	-	-	-	-	-
Total Revenue	53,759	-	1,683	2,583	*(4,266)*	53,759
EBITDA	(22,021)	(9,539)	(8,857)	(9,411)	*18,268*	(31,560)
Interest payable	-	(310)	(915)	(1,741)	*2,656*	(310)
Depreciation and amortisation	(483)	(1,151)	(355)	(333)	*688*	(1,634)
Impairments	(1,887)	(8,850)	(3,453)	(2,620)	*6,073*	(10,737)
Tax	(156)	-	-	-	-	(156)
Net loss	(24,547)	(19,850)	(13,580)	(14,105)	*27,685*	(44,397)
Non-current assets	441	1,620	10,573	9,210	*(19,783)*	2,061

Year ended 31 December 2013 (As restated)	Continuing		Discontinued		*Adjust for discont.*	
	Tanzania US$'000	Central US$'000	Angola US$'000	Ghana US$'000	*US$'000*	Total US$'000
Revenue						
External	26,055	62	18,771	8,534	*(27,305)*	26,117
Inter-segment	-	-	-	-	-	-
Total Revenue	26,055	62	18,771	8,534	*(27,305)*	26,117
EBITDA	(21,459)	(10,355)	(6,903)	(2,270)	*9,173*	(31,814)
Interest payable	-	(445)	(1,348)	(1,478)	*2,826*	(445)
Depreciation and amortisation	(141)	(1,752)	(1,738)	(1,632)	*3,370*	(1,893)
(Impairments)/reversal of impairments	-	1,721	(3,959)	(3,393)	*7,352*	1,721
Net loss	(21,600)	(10,831)	(13,948)	(8,773)	*22,721*	(32,431)
Non-current assets	2,558	21,391	15,062	14,626	-	53,637

The Board monitors the performance of the business units and the overall group. It monitors loss after tax and its individual components and therefore these are disclosed above. Assets and liabilities are not reported by business unit.

Notes to the Group financial statements

3. Discontinued Activities

During 2014 fastjet progressed its program of rationalising the loss making Fly 540 portfolio acquired from Lonrho in 2012.

In April 2014 the Company announced its intention to restructure its Ghanaian and Angolan operations in order to concentrate on its core East African business. The Ghanaian and Angolan businesses are currently inactive awaiting sale.

It is the Directors' opinion that these operations qualify as Held for Sale at the 2014 year end, as they were and are being actively marketed and resolution is expected within one year.

Accordingly the assets and liabilities of these businesses have been aggregated and are shown on the Consolidated Balance Sheet under 'Assets in disposal groups classified as held for sale' and 'Liabilities directly associated with assets in disposal groups classified as held for sale'. Assets held for sale at the year-end include two aircraft owned by another group company that were previously used by the Ghanaian and Angolan operations.

The following are the totals for the major classes of assets and liabilities relating to these operations:

31 December 2014

	Angola	Ghana	Total
Assets	**US$'000**	**US$'000**	**US$'000**
Non-current assets			
Other intangible assets	-	-	-
Aircraft	9,209	9,210	18,419
Property, plant and equipment	-	-	-
Other investments	-	-	-
Other non-current trade and receivables	1,364	-	1,364
	10,573	9,210	19,783
Current assets			
Inventories	-	-	-
Cash and cash equivalents	54	5	59
Trade and other receivables	-	11	11
	54	16	70
Total assets in disposal groups classified as held for sale	10,627	9,226	19,853
Liabilities			
Current liabilities			
Payables under finance leases	12,125	12,125	24,250
Bank overdrafts	976	4,361	5,337
Trade and other payables	17,789	2,430	20,219
	30,890	18,916	49,806

Notes to the Group financial statements

3. Discontinued Activities (continued)

The loss on discontinued operations on the Statement of Comprehensive Income can be analysed as follows:

Year ending 31 December 2014	Angola US$'000	Ghana US$'000	Total US$'000
Revenue	1,683	2,583	4,266
Operating costs	(10,895)	(12,327)	(23,222)
Operating loss	(9,212)	(9,744)	(18,956)
Exceptional items	(3,453)	(2,620)	(6,073)
Operating loss after exceptional items	(12,665)	(12,364)	(25,029)
Finance charge	(915)	(1,741)	(2,656)
Loss before tax	(13,580)	(14,105)	(27,685)
Tax charge	-	-	-
Loss for the year	(13,580)	(14,105)	(27,685)

Year ending 31 December 2013	Angola US$'000	Ghana US$'000	Total US$'000
Revenue	18,771	8,534	27,305
Operating costs	(27,412)	(12,436)	(39,848)
Operating loss	(8,641)	(3,902)	(12,543)
Exceptional items	(3,959)	(3,393)	(7,352)
Operating loss after exceptional items	(12,600)	(7,295)	(19,895)
Finance charge	(1,348)	(1,478)	(2,826)
Loss before tax	(13,948)	(8,773)	(22,721)
Tax charge	-	-	-
Loss for the year	(13,948)	(8,773)	(22,721)

Exceptional items in both years presented relate to the impairment of aircraft and other fixed assets.

The 2014 Group Statement of Cash Flows contains the following elements related to Discontinued operations:

	Angola US$'000	Ghana US$'000	Total US$'000
Net cash flows attributable to operating activities	(2,448)	(1,380)	(3,828)
Net cash flows attributable to investing activities	(3,418)	(4,297)	(7,715)
Net cash flows attributable to financing activities	(1,494)	(646)	(2,140)

Notes to the Group financial statements

The average number of staff employed by the discontinued businesses during the year amounted to:	**Year ended 31 December 2014 Number**	Year ended 31 December 2013 Number
Flight crew	**27**	69
Aircraft maintenance	**11**	26
Administration and management	**14**	33
Ground and flight operations	**30**	82
Sales and marketing	**15**	34
	97	244

The aggregate payroll costs of the above were:

	Year ended 31 December 2014 US$'000	**Year ended 31 December 2013 US$'000**
Wages and salaries	**4,585**	7,995
Social security costs	**252**	557
	4,837	8,552

Valuation of assets and liabilities in disposal groups held for sale

The Directors assessed the assets and liabilities of the discontinued businesses and these are presented as impaired to their likely value on sale.

The sale of one aircraft has completed since the year end, and the sale proceeds have been used to calculate its impairment. Under IFRS 13 the fair value hierarchy is level two.

The sale of the second aircraft has not completed, although sale documents have been drawn up. The impairment is based on these and the Directors' estimation of the likely outcome. This is classed as a level two estimate.

Assets in the disposal group other than the two aircraft have been impaired in full, and liabilities held at book value. These estimates are classed as level three.

Notes to the Group financial statements

4. Operating loss

Operating loss is stated after charging:	2014	2013
		(As restated)
	US$'000	US$'000
Operating lease costs		
- Property	775	745
- Aircraft	5,268	4,427
Depreciation of property, plant and equipment		
- Owned	193	183
Amortisation of intangible assets		
- Other intangibles	1,441	1,710
Impairment of intangibles	10,737	-
Impairment of investments	-	6,152
Reversal of impairment of receivables from related parties	-	(7,873)
Payment on termination of easyGroup agreement	2,504	-
(Profit)/Loss on disposal of fixed assets	-	(2)
Foreign exchange losses	939	230
Fees payable to the Company's auditor (and its network affiliates) for		
- The audit of the Group's annual accounts	147	130
- The audit of subsidiary companies' accounts	50	149
- Other services	16	47
Share based payments	565	548

5. Employees

The average number of staff (including Directors) employed by the Group during the year amounted to:	2014	2013
		(As restated)
	Number	Number
Flight crew	68	61
Aircraft maintenance	4	6
Administration and management	23	21
Ground and flight operations	20	23
Sales and marketing	59	81
	174	192
Average staff employed in the discontinued operations (see note 3)	97	244
Total	271	436

Notes to the Group financial statements

5. Employees (continued)

The aggregate payroll costs of the above were:	**Year ended 31 December 2014 US$'000**	Year ended 31 December 2013 (As restated) US$'000
Wages and salaries	**6,650**	6,590
Social security costs	**735**	835
Share based payments (note 20)	**565**	548
	7,950	7,973
Staff costs in discontinued operations (see note 3)	**4,837**	8,552
Total staff costs	**12,787**	16,525

The aggregate remuneration of the Directors in the year was:	**Year ended 31 December 2014 US$'000**	Year ended 31 December 2013 US$'000
Wages and salaries	**1,628**	1,049
Fees	**146**	77
Bonuses	**772**	189
Benefits	**25**	11
	2,571	1,326

The remuneration of the highest paid Director was US$955,000 (2013 : US$794,000)

6. Finance income and expense

	Year ended 31 December 2014	Year ended 31 December 2013 (As restated)
Finance expenses	**US$'000**	US$'000
Other	**310**	445
	310	445

Notes to the Group financial statements

7. Tax

	Year ended 31 December 2014 US$'000	Year ended 31 December 2013 (As restated) US$'000
Current tax expense:		
Current tax for the year	**156**	-
Adjustment to current tax in respect of previous years	**-**	-
	156	-
Deferred tax (credit) / expense:		
Origination and reversal of temporary differences	**-**	-
Reduction in tax rate	**-**	-
Tax expense in income statement (excluding discontinued operations)	**156**	-
Tax from discontinued operations	**-**	-
Total tax expense	**156**	-

Reductions in the UK corporation tax rate from to 23 per cent to 21 per cent (effective from 1 April 2014) and 20 per cent (effective 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the Company's future current tax charge accordingly.

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

	Year ended 31 December 2014 US$'000	Year ended 31 December 2013 (As restated) US$'000
Loss before tax	**(71,926)**	(55,152)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	**(15,464)**	(12,823)
Current year losses for which no deferred tax has been recognised	**9,279**	8,792
Tax losses not available for carry forward	**7,041**	2,926
Expenses not deductible for tax purposes	**718**	2,520
Overseas tax rates	**(1,574)**	(1,415)
Overseas turnover tax	**156**	-
Total current tax (credit) / charge (including tax on discontinued operations)	**156**	-

At 31 December 2014 the Group had accumulated tax losses of approximately US$96m (2013: US$67m) 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.

Notes to the Group financial statements

8. Loss per share

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

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

The weighted average number of shares in issue during the period, adjusted for the 2015 share consolidation, was 13,155,362 (2013: 3,027,660). The loss for the purposes of basic earnings per share being the net loss attributable to the equity holders of the parent was US$44,396,509 for continuing operations and USD$21,477,255 for discontinued operations (2013 as restated: US$32,431,202 continuing, USD$16,210,157 discontinued).

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

9. Goodwill

The restatement of the Group's results on the basis that the transaction between Rubicon and Lonrho in 2012 constituted a reverse acquisition means that no goodwill is carried on the group balance sheet either at 31 December 2013 or 31 December 2014.

10. Other intangible assets

	AOCs (As restated) US$'000	Brands (As restated) US$'000	Computer software US$'000	Total (As restated) US$'000
Cost				
At 31 December 2012	5,462	11,764	171	17,397
Additions	-	-	124	124
Reclassification	-	-	12	12
At 31 December 2013	5,462	11,764	307	17,533
Additions	-	-	126	126
Foreign exchange differences	-	-	(23)	(23)
Transfer to disposal group	-	-	(20)	(20)
At 31 December 2014	5,462	11,764	390	17,616
Amortisation and Impairment				
At 31 December 2012	273	588	7	868
Charge for the year	546	1,158	21	1,725
Impairment for the year	2,532	-	-	2,532
At 31 December 2013	3,351	1,746	28	5,125
Charge for the year	225	1,168	48	1,441
Impairment for the year	1,886	8,850	8	10,744
Foreign exchange differences	-	-	(9)	(9)
Transfer to disposal group	-	-	(20)	(20)
At 31 December 2014	5,462	11,764	55	17,281

Notes to the Group financial statements

10. Other intangible assets (continued)

Net carrying amount

At 31 December 2014	-	-	335	335
At 31 December 2013	2,111	10,018	279	12,408
At 31 December 2012	5,189	11,176	164	16,529

Impairment testing

In previous years the Company's forecasts have been prepared on a 'start-up' basis. fastjet launched operations in Tanzania on 29 November 2012 and, as explained in the strategic report, new routes are expected to be secured for the CGU to be fully operational. In previous years the Directors considered the CGU to be in a start-up phase therefore the cash flow projections included the outflows required to launch the new international routes. The period over which a CGU is considered to be in its start-up phase is a key area of judgement, and the Directors have concluded that it is no longer appropriate for the CGU to be considered a start-up.

The Directors have prepared a model to support the going concern assumption as detailed in note 1. This model includes the new routes and aircraft that the group expects to acquire. Under IAS36 the impairment review at 31 December 2014 has been performed based on the assets held by the CGU at that date.

The current business as it existed at the year end, consisting of three aircraft operating out of Tanzania along with various offices and staff in Africa and the UK, is by itself unable to generate the profitability required to justify holding the intangible assets (being the fastjet brand and Tanzanian Air Operating Certificate) at their previous values. They have therefore been impaired accordingly.

Tanzania
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. The cash flow projections include specific estimates for 4 years and terminal growth rate of 0 per cent thereafter.

The key assumptions included 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 routes develop.

Sensitivity analysis has been performed by developing different scenarios. There are uncertainties built into the scenarios relating to load factors and revenue yield achieved.

The Tanzanian Cash Generating Unit (CGU) forecast under a three aircraft model is cash negative over a four year period, hence the decision to impair the carrying value of the associated intangibles in full.

Notes to the Group financial statements

11. Property, plant and equipment

	Aircraft US$'000	Property US$'000	Plant and machinery US$'000	Fixtures and equipment US$'000	Motor vehicles US$'000	Total US$'000
Cost						
At 31 December 2012	37,112	2	751	1,434	206	39,505
Additions	111	-	-	149	65	325
Disposals	-	-	-	(86)	(138)	(224)
Reclassification to intangible assets	-	-	-	(12)	-	(12)
Foreign currency difference	-	-	(3)	(43)	(9)	(55)
At 31 December 2013	37,223	2	748	1,442	124	39,539
Additions	-	5	40	142	25	212
Disposals	-	-	-	-	(1)	(1)
Reclassification to depreciation	-	-	-	(7)	(1)	(8)
Foreign currency difference	(7)	-	(7)	(260)	(37)	(311)
Transfer to disposal group	(37,093)	(2)	(616)	(739)	(63)	(38,513)
At 31 December 2014	123	5	165	578	47	918
Depreciation and Impairment						
At 31 December 2012	1,373	-	62	124	43	1,602
Charge for the year	3,060	-	124	283	71	3,538
Impairment for the year	4,259	-	-	-	-	4,259
Disposal	-	-	-	(4)	(102)	(106)
At 31 December 2013	8,692	-	186	403	12	9,293
Charge for the year	538	1	120	167	54	880
Impairment for the year	4,865	-	391	397	9	5,662
Reclassification from cost	-	-	-	(7)	(1)	(8)
Foreign exchange differences	(8)	-	(4)	(44)	(31)	(87)
Transfer to disposal group	(13,975)	-	(616)	(738)	(33)	(15,362)
At 31 December 2014	112	1	77	178	10	378
Net carrying amount						
At 31 December 2014	11	4	88	400	37	540
At 31 December 2013	28,531	2	562	1,039	112	30,246
At 31 December 2012	35,739	2	689	1,310	163	37,903

Notes to the Group financial statements

11. Property, plant and equipment (continued)

The net book value of property, plant and equipment held on finance leases was US$23,117,992 (2013: US$29,864,000).

During the year aircraft held under finance leases were offered for sale and impaired accordingly, forming part of the loss on discontinued activities and the asset disclosed under held for sale assets. The impairment had been calculated and included in the 2013 results, and has been amended for subsequent movements as follows:

Aircraft impairment loss	**2014**	2013
	US$'000	US$'000
Book value	**27,983**	32,724
Maintenance reserves	**(5,159)**	(4,865)
Adjusted book value	**22,824**	27,859
Anticipated proceeds net of selling costs	**(17,959)**	(23,600)
Impairment	**4,865**	4,259

12. Other investments

Cost	**As Restated US$'000**
At 31 December 2012 and 31 December 2013	6,152
Disposal	(6,152)
As at 31 December 2014	**-**
Amortisation and Impairment	
At 1 January 2013	-
Impairment for the year	6,152
At 31 December 2013	6,152
Disposal	(6,152)
At 31 December 2014	-
Net carrying amount	
At 31 December 2014	**-**
At 31 December 2013	**-**
At 31 December 2012	6,152

The investment represented the Group's interest in Five Forty Aviation Limited, and was held at cost.

Notes to the Group financial statements

12. Other investments (continued)

Lonrho Aviation (B.V.I.) Limited held 49 per cent of Five Forty Aviation Limited prior to the reverse acquisition of Rubicon in 2012.

Subsequent to this, the acquisition of a further 49.98 per cent economic interest in Five Forty Aviation Limited was approved at a General Meeting on 29 June 2012 and completed on 2 July 2012. However, the vendor of the 49.98 per cent share disputed that the acquisition had been completed. This led to legal claims by both parties over ownership and other matters. Following discussions, a Memorandum of Understanding was signed on 23 April 2013 in which both parties agreed to halt legal proceedings so that a mutually beneficial resolution could be negotiated and implemented.

As a result of the dispute, the Directors are of the view that under IFRS 10 they had neither 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.) over Five Forty Aviation Limited with effect from 29 June 2012. Consequently the Group accounted for its 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$6,152,000 to US$Nil in 2013.

In 2014 a settlement was reached for the disposal of the investment, for further information see note 25.

13. Trade and other receivables

	31 December 2014 US$'000	31 December 2013 US$'000
Trade and other receivables due after more than one year:		
Receivables due from related parties	**-**	7,893
Other receivables	**1,186**	3,090
	1,186	10,983
Trade and other receivable due within one year:		
Trade receivables	**2,433**	1,410
Prepayments and accrued income	**1,075**	2,069
Other receivables	**2,141**	2,289
	5,649	5,768

Movement in allowance for doubtful debts

	Trade Receivables US$'000
At 31 December 2013	**100**
Remove discontinued	**(31)**
Provision made during the year	**473**
Released during the year	**-**
At 31 December 2014	**542**

Notes to the Group financial statements

13. Trade and other receivables (continued)

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

		31 December 2014 US$'000		31 December 2013 US$'000
	Gross	**Impairment**	Gross	Impairment
Not past due	**-**	**-**	164	-
Past due (0-60 days)	**2,975**	**(542)**	1,111	(72)
More than 60 days	**-**	**-**	235	(28)
	2,975	**(542)**	1,510	(100)

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

	31 December 2014 US$'000	31 December 2013 US$'000
Tanzania	**2,433**	238
Angola	**-**	497
Ghana	**-**	211
South Africa	**-**	407
UK	**-**	57
	2,433	1,410

All amounts are short term.

The average period taken on trade receivables is 8 days (2013: 10 days). No interest is charged on receivables.

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

14. Inventories

	31 December 2014 US$'000	31 December 2013 US$'000
Aircraft spares and consumables	**-**	910

15. Trade and other payables

	31 December 2014 US$'000	31 December 2013 US$'000
Trade and other payables – non-current		
Payables due to related parties	**-**	7,893
Other payables	**2,118**	2,259
	2,118	10,152

Notes to the Group financial statements

15. Trade and other payables (continued)

Trade and other payables – current	**31 December 2014 US$'000**	31 December 2013 US$'000
Trade payables	**4,445**	13,396
Other taxation and social security	**8,594**	8,464
Other payables	**83**	1,586
Deferred income	**2,302**	1,730
Accruals	**6,290**	5,684
Maintenance reserves	**-**	4,865
	21,714	35,725

Non-current payables due to related parties at 31 December 2013 referred to loan balances with Five Forty Aviation Limited, the shares of which were held as an investment, written down to nil value at 31 December 2013 and disposed of in 2014. Other non-current payables refer to the net present value of liabilities under brand agreements.

16. Cash and cash equivalents

	31 December 2014 US$'000	31 December 2013 US$'000
Bank balances	**6,655**	7,580
Cash and cash equivalents in the consolidated balance sheet	**6,655**	7,580
Bank overdrafts used for cash management purposes	**-**	(3,870)
Cash and cash equivalents in disposal groups	**59**	-
Cash and cash equivalents in the statement of cash flows	**6,714**	3,710

17. Finance lease obligations

31 December 2014	**Future minimum lease payments US$'000**	**Interest US$'000**	**Present value of future lease payments US$'000**
Less than one year	183	-	183
Two to five years	-	-	-
More than five years	-	-	-
Total	**183**	**-**	**183**

Notes to the Group financial statements

17. Finance lease obligations (continued)

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**

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

18. 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 January 2013	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
Issued for cash	1,035,873	-	-	10,359	17,188
Issued in settlement of easyGroup liability	94,287	-	-	943	1,565
At 31 December 2014	1,642,210	9,313	305,247	43,987	69,850

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

The deferred shares have no significant rights attached.

All issued shares are fully paid.

On 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 27 January 2014 37,735,850 new ordinary shares of 1p each were issued, fully paid, via a draw down on its EFF agreement with Darwin at an issue price of 2.65p per share.

Notes to the Group financial statements

18. Share capital (continued)

On 26 February 2014 47,500,000 new ordinary shares were issued, fully paid, via a draw down on its EFF agreement with Darwin at an issue price of 2p per share.

On 25 March 2014 17,301,038 new ordinary shares were issued, fully paid, via a draw down on its EFF agreement with Darwin at an issue price of 1.734p per share.

On 14 April 2014 687,500,000 new ordinary shares were issued, fully paid, by way of a placement at 1.6p per share ("Placing Shares") with certain institutional and other investors.

On 15 April 2014, 94,287,227 new ordinary shares were issued, fully paid, at an equivalent of 1.6p per share in termination of an agreement with easyGroup Holdings Ltd for management consultancy services, see note 25.

On 13 May 2014 145,683,383 new ordinary shares were issued, fully paid, by way of an open offer at 1.6p per share ("Placing Shares") to existing shareholders.

On 13 May 2014 100,151,608 new ordinary shares were issued, fully paid, by way of a placement at 1.6p per share ("Placing Shares") with institutional investors.

19. Subsidiaries

The Company holds ordinary 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	49%
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.

During the year the Group announced it has signed an agreement to enable Tanzanian participation in the ownership of fastjet Airlines Limited (fastjet Tanzania).

Notes to the Group financial statements

19. Subsidiaries (continued)

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

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

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

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

Fastjet Airlines Limited is consolidated as a subsidiary in these financial statements. Although the group holds only 49 per cent of the voting rights in the entity, it controls its management, operations and distributions through the aforementioned call options and contractual agreements as well as its shareholding.

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

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

20. 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.

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

Notes to the Group financial statements

20. Share based payments (continued)

Grant date	Number of options granted	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	US$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%

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

Expense recognised in the profit or loss

	Year ended 31 December 2014 US$'000	Year ended 31 December 2013 US$'000
Total expense recognised for equity-settled share based payments	565	548

Notes to the Group financial statements

20. Share based payments (continued)

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

	Year ended 31 December 2014			
	Number of warrants	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning and end of the year	16,682,710	45.0p	33,377,045	50.5p

	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

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

The share options outstanding at 31 December 2014 have an exercise price in the range of 10p – 60p (2013: 10p to 60p) and a weighted averaged contractual life of 3.2 years (2013: 4.2 years).

21. Financial instruments

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

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

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

<u>Liquidity risk management</u>

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.

<u>Market risk management</u>

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

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

Notes to the Group financial statements

21. Financial instruments (continued)

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. The doubtful debt provision disclosed in note 13 is in relation to travel agents in Tanzania.

Capital management

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

The Group's objectives when managing capital are:

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

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 utilised equity financing facilities and share placements.

Notes to the Group financial statements

21. Financial instruments (continued)

Carrying value and fair value of financial assets and liabilities

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

At 31 December 2014

	Amortised cost loans and receivables US$'000	Amortised cost financial liabilities US$'000	Other (see note) US$'000	Carrying value US$'000	Fair value US$'000
Trade and other receivables	5,779	-	1,056	6,835	6,835
Cash and cash equivalents	6,655	-	-	6,655	6,655
Obligations under finance leases	-	(183)	-	(183)	(183)
Trade and other payables	-	(21,530)	(2,302)	(23,832)	(23,832)

Assets and liabilities held for sale

Assets and liabilities in disposal groups classified as held for sale at 31 December 2014 are disclosed in note 3.

They are all carried at their fair values, being the Directors' estimates of their value in sale. The hierarchy of estimation used in arriving at their fair values is also disclosed.

At 31 December 2013

	Amortised cost loans and receivables US$'000	Amortised cost financial liabilities US$'000	Other (see note) US$'000	Carrying value US$'000	Fair value US$'000
Other investments	-	-	-	-	-
Trade and other receivables	15,676	-	1,075	16,751	16,751
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)

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

Notes to the Group financial statements

21. Financial instruments (continued)

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 2014

	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	183	183	183	-	-	-
Trade payables	4,445	4,445	4,445	-	-	-
Other payables	13,097	14,273	11,065	500	1,500	1,208
Total	**17,725**	**18,901**	**15,693**	**500**	**1,500**	**1,208**

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**

Interest rate risk

The interest profile of financial liabilities was as follows:

At 31 December 2014

	Loans and borrowings US$'000	Finance Leases US$'000	Overdraft US$'000	Other financial liabilities US$'000	Total US$'000
Fixed interest	-	183	-	-	183
Variable interest	-	-	-	-	-
	-	183	-	-	183

Notes to the Group financial statements

21. Financial instruments (continued)

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

The majority of the Group's financial liabilities are fixed interest, therefore the Group has little exposure to interest rate risk. If the interest rate charged on the variable rate overdrafts held by companies disclosed as part of discontinued operations holds were to increase by 1 per cent, the Group's loss before tax would increase by US$53,368. Conversely, if the rate were to drop by 1 per cent the loss before tax would decrease by US$53,368.

Currency risk

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

At 31 December 2014	**Monetary assets US$'000**	**Monetary liabilities US$'000**
Sterling	**4,249**	**1,685**
US Dollars	**5,364**	**7,252**
Tanzanian Shilling	**1,456**	**14,813**
Zambian Kwacha	**400**	**-**
South African Rand	**902**	**217**
Euro	**-**	**58**
Other	**14**	**64**
	12,385	**24,089**

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

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

Notes to the Group financial statements

21. Financial instruments (continued)

The management regularly monitor the currency profile of the Group's cash balances, and obtains informal advice to ensure that the cash balances are held in currencies minimising the impact on the results and position of the Group from foreign exchange movements. Consequently the management do not consider that a Foreign Exchange sensitivity analysis is material to the results of the Group.

22. 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	Total US$'000
At 31 December 2014			
Less than one year	5,280	450	5,730
One to five years	11,785	433	12,218
More than five years	1,350	-	1,350
	18,415	883	19,298

	Aircraft US$'000	Property US$'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

Fastjet Aviation Limited has given a guarantee in connection with two aircraft under operating leases operated by Fly 540 Sociedade de Aviacao Civil S.A.

Notes to the Group financial statements

23. Prior year restatement

Further to note 1, and following discussions with the Conduct Committee of the Financial Reporting Council, the Group has this year restated its prior years financial results and position on the basis that the transaction between Rubicon Diversified Investments Plc (Rubicon) and Lonrho Plc (Lonrho) in 2012 constituted a reverse acquisition of Rubicon on the part of Lonrho, rather than a conventional acquisition of Lonrho's Fly 540 aviation arm on the part of Rubicon.

The fundamental difference in methodology used in accounting for a reverse acquisition rather than an acquisition is that the combined financial statements are deemed to be a continuation of the books of the legal acquiree (in this case the Fly 540 group) rather than a continuation of those of the legal acquirer (Rubicon). The assets and liabilities of the Fly 540 group are carried forward at book value, rather than being adjusted to their fair values, and no goodwill arises in relation to them. The opposite is true in relation to the assets of Rubicon, which are consolidated at their fair values, with goodwill being calculated as the excess of deemed consideration over the fair value of Rubicon's net assets.

Under acquisition accounting the net assets of the Group were previously reported as US$44.7m at 31 December 2012, whereas under reverse acquisition accounting they become US$7.6m. At 31 December 2013 the net assets of the Group under acquisition accounting were previously reported as US$4.7m, whereas under reverse acquisition accounting they become net liabilities of US$(6.7m). The loss attributable to owners of fastjet in 2013 was originally disclosed under acquisition accounting as US$(74.4)m, whereas as restated under reverse acquisition accounting it has become a loss of US$(48.6)m.

The original and restated balance sheets for 31 December 2012 and 31 December 2013, and the differences between them, are shown below.

Notes to the Group financial statements

23. Prior year restatement (continued)

Consolidated balance sheet at 31 December 2012

	As restated US$'000	As published US$'000	Differences US$'000
Non-current assets			
Goodwill	**-**	18,754	(18,754)
Other intangible assets	**16,529**	23,308	(6,779)
Property, plant and equipment	**37,903**	37,903	-
Investments	**6,152**	19,248	(13,096)
Other non-current trade and other receivables	**7,177**	7,177	-
	67,761	106,390	(38,629)
Current assets			
Inventories	**763**	783	(20)
Cash and cash equivalents	**7,488**	7,488	-
Trade and other receivables	**8,439**	8,439	-
	16,690	16,710	(20)
Total assets	**84,451**	123,100	(38,649)
Equity			
Called up equity share capital	**29,284**	29,284	-
Share premium account	**80,986**	80,986	-
Reverse acquisition reserve	**11,906**	-	11,906
Exchange translation reserve	**516**	516	-
Retained earnings	**(99,148)**	(50,140)	(49,008)
Equity attributable to shareholders of the Parent Company	**23,544**	60,646	(37,102)
Non-controlling interests	**(15,991)**	(15,991)	-
Total equity	**7,553**	44,655	(37,102)
Liabilities			
Non-current liabilities			
Obligations under finance leases	**23,633**	23,633	-
Deferred tax	**-**	1,547	(1,547)
Trade and other payables	**10,558**	10,558	-
	34,191	35,738	(1,547)
Current liabilities			
Bank overdrafts	**2,018**	2,018	-
Loans and borrowings	**1,998**	1,998	-
Obligations under finance leases	**3,226**	3,226	-
Trade and other payables	**35,397**	35,397	-
Other financial liabilities	**68**	68	-
	42,707	42,707	-
Total liabilities	**76,898**	78,445	(1,547)
Total liabilities and equity	**84,451**	123,100	(38,649)

Notes to the Group financial statements

23. Prior year restatement (continued)

Consolidated balance sheet at 31 December 2013

	As restated US$'000	As published US$'000	Differences US$'000
Non-current assets			
Goodwill	**-**	11,324	(11,324)
Other intangible assets	**12,408**	12,515	(107)
Property, plant and equipment	**30,246**	30,246	-
Other non-current trade and other receivables	**10,983**	10,981	2
	53,637	65,066	(11,429)
Current assets			
Inventories	**910**	931	(21)
Cash and cash equivalents	**7,580**	7,580	-
Trade and other receivables	**5,768**	5,768	-
	14,258	14,279	(21)
Total assets	**67,895**	79,345	(11,450)
Equity			
Called up equity share capital	**51,097**	51,097	-
Share premium account	**97,392**	97,392	-
Reverse acquisition reserve	**11,906**	-	11,906
Retained earnings	**(147,239)**	(123,962)	(23,277)
Exchange translation reserve	**2,674**	2,674	-
Equity attributable to shareholders of the Parent Company	**15,830**	27,201	(11,371)
Non-controlling interests	**(22,502)**	(22,503)	1
Total equity	**(6,672)**	4,698	(11,370)
Liabilities			
Non-current liabilities			
Deferred tax	**-**	80	(80)
Obligations under finance leases	**21,291**	21,291	-
Trade and other payables	**10,152**	10,152	-
	31,443	31,523	(80)
Current liabilities			
Bank overdrafts	**3,870**	3,870	-
Obligations under finance leases	**3,529**	3,529	-
Trade and other payables	**35,725**	35,725	-
	43,124	43,124	-
Total liabilities	**74,567**	74,647	(80)
Total liabilities and equity	**67,895**	79,345	(11,450)

The consolidated income statement for 2013 is presented below in original and restated form showing differences. The Income Statement shown for 2013 below is as originally published, and does not reflect the changes in presentation caused by the transfer of the Angolan and Ghanaian operations and their associated assets to discontinued operations.

Notes to the Group financial statements

23. Prior year restatement (continued)

Consolidated income statement for the year ended 31 December 2013

	As Restated US$'000	As Published US$'000	Differences US$'000
Revenue	**53,422**	53,422	-
Operating costs	**(105,302)**	(132,501)	27,199
Group operating loss	**(51,880)**	(79,079)	27,199
Operating loss before exceptionals	**(45,702)**	(47,567)	1,865
Impairment of goodwill	**-**	(7,235)	7,235
Impairment of intangibles	**(3,078)**	(8,081)	5,003
Impairment of aircraft	**(4,259)**	(4,259)	-
Impairment of investments	**(6,152)**	(19,248)	13,096
Reversal of impairment of receivables due from related parties	**7,311**	7,311	-
Operating loss after exceptionals	**(51,880)**	(79,079)	27,199
Finance charges	**(3,272)**	(3,272)	-
Loss before tax	**(55,152)**	(82,351)	27,199
Tax credit (charge)	**-**	1,467	(1,467)
Loss for the year	**(55,152)**	(80,884)	25,732
Attributable to:			
Shareholders of the parent company	**(48,641)**	(74,372)	25,731
Non-controlling interests	**(6,511)**	(6,512)	1
	(55,152)	(80,884)	25,732
Loss per share (basic and diluted) (US cents)	**(16.07)**	(24.56)	8.49

24. Contingent liabilities

No contingent liabilities existed at 31 December 2014. At 31 December 2013 a contingent liability existed in relation to a guarantee given to Chase Bank by Fastjet Air Limited to the value of US$5m in connection with overdraft facilities granted to Five Forty Aviation Limited. This guarantee was released on 24 June 2014 as a consequence of the sale of Fly 540 Aviation Limited on 24 June 2014, further details of which are disclosed in note 12.

25. Related parties

The Group has related party relationships with its subsidiaries (see note 19).

The Company licences the fastjet brand from easyGroup Holdings Limited ("easyGroup"), an entity in which Sir Stelios Haji-Ioannou holds a beneficial interest, which held 9.89 per cent of the issued share capital of the Company at 24 April 2015.

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

Notes to the Group financial statements

25. Related parties (continued)

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 provided 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 in exchange for the issue of 94,287,227 Ordinary Shares in the Company, with a value of approximately £1.51m (US$2.50m) at the date of issue.

The amounts payable to easyGroup for the period were US$0.72m (2013: US$1.68m).

At the year end the outstanding liability to easyGroup was US$nil (2013: US$43,000).

Transactions with subsidiaries

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

Trading with other related parties

On 24 June 2014 the Company disposed of its investment in Fly 540 Kenya for a nominal sum. All legal and financial ties between the two companies have been dissolved and each group has indemnified the other against any and all liabilities relating to the segregation of the businesses.

The agreement wholly removes Fly 540 Kenya from the fastjet group. There were no material transactions with Five Forty Aviation Limited in the period prior to divestment.

The Company's investment in Fly 540 Kenya had been written down to zero in the 2013 financial statements. The 2013 financial statements also included a credit of US$7.9m in relation to the write back of a provision against amounts owing from Fly 540 Kenya.

The disposal constituted a related party transaction under the AIM Rules as the counterparty is a director of Fly 540 Kenya.

Transactions with key management personnel

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

At the year end, a Director of the Company had an outstanding salary advance, which was subsequently repaid on 23 March 2015.

Details of Directors' remuneration are given in the Directors' Report.

Notes to the Group financial statements

26. Events after the balance sheet date

Zimbabwean Air Service Permit issued

On 25 March 2015, the Group announced it received an Air Service Permit (ASP) from the Ministry of Transport and Infrastructural Development of the Government of Zimbabwe responsible for administering the Civil Aviation Authority of Zimbabwe (CAAZ). This represents a significant step towards the Company obtaining the Air Operating Certificate (AOC) required to launch fastjet Zimbabwe.

Fundraising

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

Share consolidation

On 21 April 2015, the Company's existing ordinary shares of 1 pence each were consolidated into new ordinary shares on the basis of one new ordinary share of £1 each for every 100 existing ordinary shares held at 5pm on that date.

Appointment of new Non-Executive Director

On 12 May 2015, the Company announced the appointment of Bryan Alexander Coppin Collings as a Non-Executive Director.

Fleet expansion

On 18 May 2015 the Company signed a letter of intent with ICBC International Leasing Company Limited in respect of the leasing of one Airbus A319-131 aircraft, expected to be put into service in the third quarter of 2015, subject to entering into a lease agreement with certain conditions being met.

Parent Company balance sheet

	Note	**31 December 2014 US$'000**	31 December 2013 US$'000
Assets			
Investments	3	**-**	11,324
Intangible assets	4	**-**	10,018
Fixed assets	5	**284**	220
		284	21,562
Current assets			
Cash at bank and in hand		**5,505**	4,818
Debtors	6	**2,182**	2,237
		7,687	7,055
Creditors: amounts falling due within one year	7	**(2,935)**	(1,838)
Net current assets		**4,752**	5,217
Creditors: amounts falling due after more than one year	8	**(2,118)**	(2,259)
Net assets		**2,918**	24,520
Capital and reserves			
Called up equity share capital	9	**69,850**	51,097
Share premium account		**108,366**	97,392
Profit and loss account		**(175,298)**	(123,969)
Shareholders' funds	11	**2,918**	24,520

These financial statements were approved and authorised for issue by the Directors on 2 June 2015 and are signed on their behalf by:

Edward Winter
Chief Executive Officer
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 UK GAAP, 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.

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

Notes to the Parent Company financial statements

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 year was US$51,894,000 (2013: US$89,831,000).

3. Investments

	Shares in subsidiary US$'000	Other Investments US$'000	Total US$'000
Cost			
At 31 December 2013	45,322	31,115	76,437
Disposals	-	(31,115)	(31,115)
At 31 December 2014	45,322	-	45,322
Accumulated impairment charges			
At 31 December 2013	(33,998)	(31,115)	(65,113)
Disposals	-	31,115	31,115
Impairment	(11,324)	-	(11,324)
At 31 December 2014	(45,322)	-	(45,322)
Net book value			
At 31 December 2014	-	-	-
At 31 December 2013	11,324	-	11,324

The impairment during the year relates to the shareholding in fastjet Airlines Limited. In line with the Group's approach to impairment as disclosed in note 10 to the Group financial statements, the shareholding has been impaired in full.

The disposal in the year relates to the investment in Five Forty Aviation Limited, details of which are given in note 12 to the Group financial statements.

Notes to the Parent Company financial statements

4. Intangible assets

	Brands US$'000	Total US$'000
Cost		
At 31 December 2013 and 31 December 2014	11,764	11,764
Impairment and Amortisation		
At 31 December 2013	(1,746)	(1,746)
Amortisation charge for the year	(1,168)	(1,168)
Impairment	(8,850)	(8,850)
At 31 December 2014	(11,764)	(11,764)
Net carrying amount		
At 31 December 2014	-	-
At 31 December 2013	10,018	10,018

The impairment in the year relates to the value of the fastjet brand, originally recognised in 2012 as the net present value of the consideration paid to easyGroup for use of the fastjet name. This impairment is in line with the treatment adopted by the Group for its intangible assets as disclosed in note 10 to the Group financial statements.

5. Fixed assets

	Plant and machinery US$'000	Fixtures and equipment US$'000	Software US$'000	Total US$'000
Cost				
At 31 December 2013	122	44	115	281
Additions	34	-	118	152
At 31 December 2014	156	44	233	433
Amortisation				
At 31 December 2013	39	15	7	61
Charge for the year	35	10	43	88
At 31 December 2014	74	25	50	149
Net carrying amount				
At 31 December 2014	82	19	183	284
At 31 December 2013	83	29	108	220

Notes to the Parent Company financial statements

6. Debtors

	31 December 2014 US$'000	31 December 2013 US$'000
Debtors		
Amounts owed by Group undertakings	**7**	-
VAT debtor	**68**	57
Other debtors	**1,983**	1,910
Prepayments and accrued income	**124**	270
	2,182	2,237

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

7. Creditors: amounts falling due within one year

	31 December 2014 US$'000	31 December 2013 US$'000
Trade and other payables		
Trade payables	**795**	753
Other payables	**26**	474
Accruals	**2,114**	611
	2,935	1,838

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

	31 December 2014 US$'000	31 December 2013 US$'000
Other payables	**2,118**	2,259

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

Liability under brand agreements are payable as follows:

	31 December 2014 US$'000	31 December 2013 US$'000
Between one and two years	**455**	413
Between two and five years	**1,309**	1,310
After five years	**354**	536
	2,118	2,259

9. Share capital

See note 18 of the Group financial statements.

10. Share based payments

See note 20 of the Group financial statements.

Notes to the Parent Company financial statements

11. Parent Company reconciliation of movements in shareholders' funds

	Share capital US$'000	**Share premium US$'000**	**Profit and loss US$'000**	**2014 Total equity US$'000**	2013 Total equity US$'000
Balance at beginning of the year	51,097	97,392	(123,969)	**24,520**	75,584
Share issued	18,753	10,974	-	**29,727**	38,219
Share based payments	-	-	565	**565**	548
Transactions with owners	18,753	10,974	565	**30,292**	38,767
Loss for the year	-	-	(51,894)	**(51,894)**	(89,831)
Balance at end of the year	69,850	108,366	(175,298)	**2,918**	24,520

12. Contingent liabilities

See note 24 of the Group financial statements.

13. Related party transactions

See note 25 of the Group financial statements.

14. Events after the balance sheet date

See note 26 of the Group financial statements.

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